Government of Saskatchewan

Annual Report 2001 - 2002

Agriculture and Food

Annual Report
2001-2002

Saskatchewan
Agriculture and Food

Ninety-Seventh Annual Report
for the twelve months ending
March 31, 2002

102-07057/

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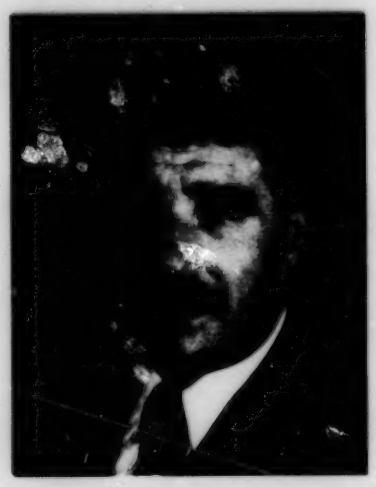
Letters of Transmittal

Her Honour
The Honourable Lynda Haverstock
Lieutenant-Governor of the Province of Saskatchewan



Your Honour:

I have the honour to submit the annual report of Saskatchewan Agriculture and Food for the twelve months ending March 31, 2002.

Respectfully submitted,

Clay Serby

The Honourable Clay Serby
Deputy Premier
Minister of Agriculture, Food and Rural Revitalization

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Deputy Premier
Minister of Agriculture, Food and Rural Revitalization

Sir:

I wish to present to you the annual report of Saskatchewan Agriculture and Food for the twelve months ending March 31, 2002.

Respectfully submitted,

Gord Nystuen

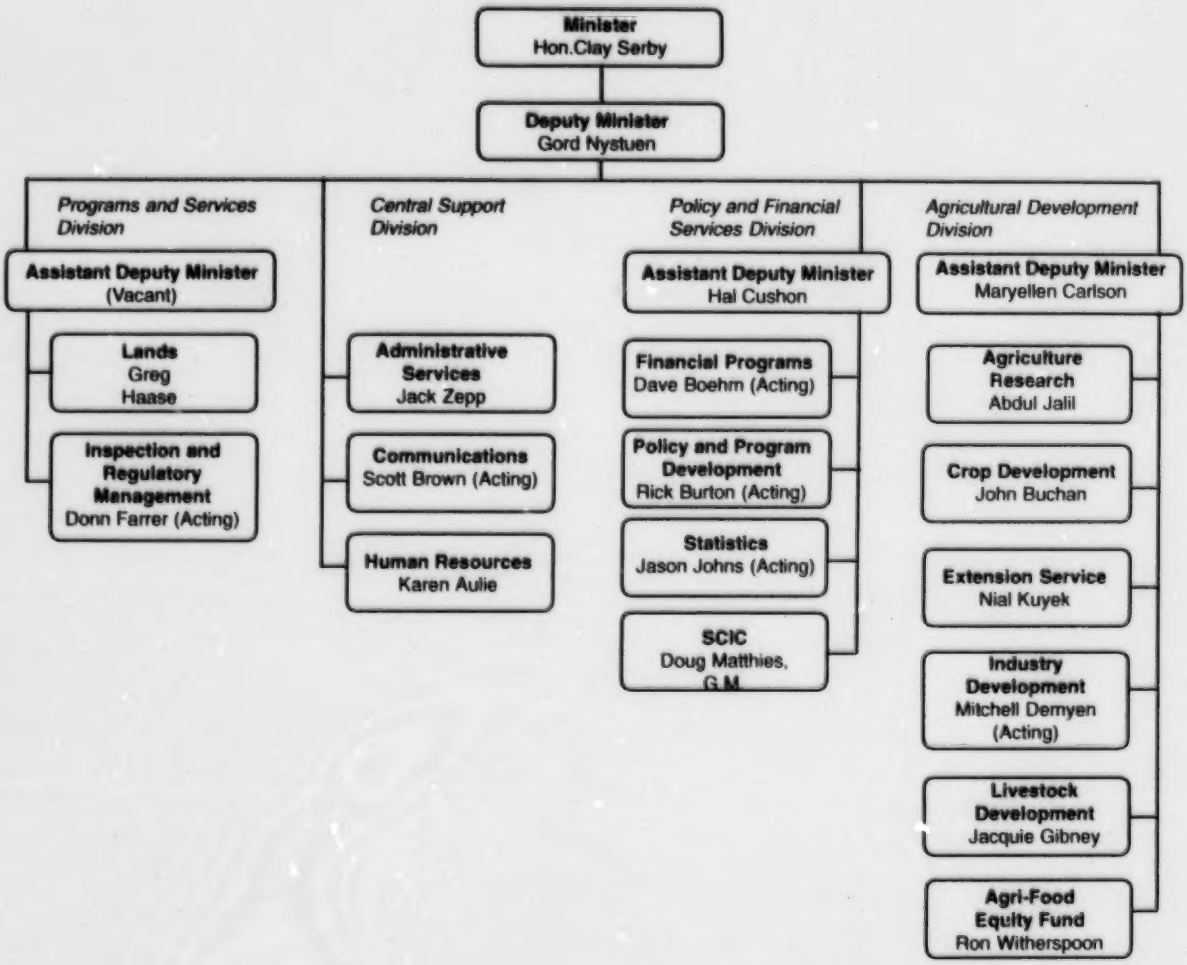
Gord Nystuen
Deputy Minister

Department Structure

Saskatchewan Agriculture and Food (SAF) is composed of four major divisions: Programs and Services Division, Central Support Division, Policy and Financial Services Division (including Saskatchewan Crop Insurance Corporation (SCIC), a Treasury Crown Corporation) and Agricultural Development Division.

Saskatchewan Agriculture and Food Organization Chart (2001-2002)

(as of March 25, 2002)*



*** As of March 26, 2002, the following organizational changes were announced. These changes include:**

- The merging of the Department of Agriculture and Food with the Rural Revitalization Office (RRO) into a new entity named the Department of Agriculture, Food and Rural Revitalization (SAFRR).
- The creation of a new branch (the Rural Issues Office) to handle the transferred responsibilities of RRO.
- The transfer of responsibility for direct capital investment in the agriculture and food industry from SAFRR to Crown Investments Corporation. The transfer will result in the eventual elimination of the Agri-Food Equity Fund (AFEF) - a process that will be the responsibility of the Financial Programs Branch. The Technology Adoption and Demonstration (TAD) portfolio was transferred to the New Department of Industry and Resources.
- The transfer of responsibility for some Industry Development Branch functions to the Department of Industry and Resources. The remaining branch capabilities were transferred to Agricultural Research Branch.
- The creation of a new branch - Food Safety and Regulation - to meet the needs of our developing agriculture and food industry. Inspection and Regulatory Management will transfer related services to the new branch.
- The transfer of crop, forage and livestock development functions from Extension Service Branch to Crop Development Branch and Livestock Development Branch.
- The transfer of the Farm Stress Line and the Farm Business Management functions from Extension Service to Financial Programs Branch.
- The transfer of Statistics Branch functions and responsibilities to the Policy Branch.

Strategic Direction

Saskatchewan Agriculture and Food (SAF) has always been keenly aware that we cannot work in isolation because our agriculture and food industry is so important and complex, and is highly sensitive to the influences of the international marketplace. Our plans must be built within the dynamic environment of our industry as it evolves and adapts to the ever changing world.

While awaiting future direction from the Action Committee on the Rural Economy, SAF's operations continued to be guided by the *Agriculture 2000* strategic direction. This strategic direction was the result of extensive consultations with farmers and industry organizations. *Agriculture 2000* contains a vision for the province's agricultural sector:

"Saskatchewan's agriculture and food industry will improve the lives of all Saskatchewan people by continuing to develop as an economically and environmentally sustainable industry."

SAF Vision

Our Vision Statement is our "imagination of what we want SAF to be":

> ***"An internationally respected agricultural ministry, noted for its contribution to a vibrant agricultural sector that improves the quality of life of all Saskatchewan people."***

Department Goals

As part of our internal planning framework, Saskatchewan Agriculture and Food's Vision is further defined by a set of Department Goals that guide our "expectations for results" for the broad range of programs and services provided by the department.

Goal One: ***A thriving, environmentally sustainable, agricultural production and processing industry***

Goal Two: ***Strong and resourceful agricultural people and families***

Administrative Priority: ***Saskatchewan Agriculture and Food, delivering effective and innovative public service, is a workplace of choice***

Department Mandate

The mandate of the Department is to foster, in partnership with the industry, a commercially viable, self-sufficient, and sustainable Saskatchewan agricultural sector. The mandate addresses the needs of the individual farms, encourages and develops higher value production and processing, and promotes the institutional changes required to meet the challenges and opportunities of the future.

Branch and Agency Mandates

Administrative Services Branch

To provide financial management, operational, and information technology support for effective and efficient delivery of programs and services.

Agriculture Research Branch

To manage and coordinate SAF research investment.

Agri-Food Equity Fund Branch

To manage and co-ordinate a diversified portfolio of equity investments in Saskatchewan's agricultural processing sector.

Communications Branch

To provide strategic communications planning and services for the Department of Agriculture and Food.

Crop Development Branch

To provide strategic development and production services for a thriving crop sector.

Extension Service Branch

To assist farmers and ranchers to access research and technology and apply it to their farms.

Financial Programs Branch

To develop and manage financial programs that support and strengthen Saskatchewan agriculture.

Human Resources Branch

To provide human resource services and support to Department management and employees.

Industry Development Branch

To provide strategic development and business services for sustainable economic growth and employment in Saskatchewan's agricultural processing sector.

Inspection and Regulatory Management Branch

To deliver inspection and regulatory programs which support a safe and sustainable agri-food industry.

Lands Branch

To promote the sustainable and integrated use of Crown land while providing opportunities for diversification and economic growth.

Livestock Development Branch

To provide strategic development and production services for a thriving livestock sector.

Policy and Program Development Branch

To provide public policy analysis and strategies that support and strengthen Saskatchewan's agricultural production and processing sectors.

Statistics Branch

To assist SAF and related clients in developing an understanding of the agri-food industry by transforming data into information.

Saskatchewan Crop Insurance Corporation

To develop and deliver effective crop and forage risk management programs and services for farm businesses.

Each branch and agency made a commitment to:

- Contribute to furthering the vision and goals of SAF within their mandates.
- Pro-actively manage human resources to maximize employee potential and performance by: integrating individual work plans with branch objectives, enhancing performance management, facilitating learning opportunities, and responding to employee survey action teams.
- Develop an active communication plan that promotes recognition for branch and department efforts, increases credibility of staff, and improves client understanding of how individuals and branches work to enhance development of the agriculture and food industry.

Industry Overview

The agriculture and food industry in Saskatchewan remains a vital component of the provincial economy. Along with the resource sector (oil, gas and mining), agriculture is one of the major contributors to economic development. Historically, that economic development in agriculture has come from primary production and exports of grains and oilseeds. Farmers made a decent living off the land and hundreds of rural communities provided a service network for the industry.

But change is constant. Global trade policy has created a playing field that is not level. Massive subsidies in foreign countries has led to overproduction and artificially depressed global prices. As a result, Saskatchewan farmers are put at a disadvantage in the global marketplace. And there is no indication that international agriculture policy will subside. The new US Farm Bill (formally known as the *Farm Security and Rural Investment Act 2002*) will make it more challenging to compete in the international marketplace. Instead of reducing market distorting subsidies and moving to a market driven production system, the USA is increasing subsidies that will further erode the competitive position of Saskatchewan farmers.

Some see foreign agricultural policy as a barrier to trade. Others see this as an opportunity to further embrace change and capture new markets. Saskatchewan producers have a strong history as innovators and market leaders. Our ability to adapt to dynamic market conditions has made us stronger, and given us skills that our competitors don't have. One of our most valuable competitive advantages is therefore the skill to change.

The Continued Evolution of our Agri-Food Industry

Saskatchewan's agriculture industry is an important factor in the Saskatchewan and the Canadian economies, and continues to evolve. Our producers are in tune with market conditions, and statistics demonstrate their ability to respond to those changing conditions.

Crop Production:

- Historical production data paints a clear picture of crop diversification and flexibility in Saskatchewan.
- For at least the last decade, Saskatchewan farmers have shifted their land out of traditional crop production (i.e. wheat) and summerfallow into new crops such as canola, lentils and peas.
- The rapid increase in chickpea production highlights just how quickly our industry can adapt to market conditions. In 1996 there were virtually no acres planted to chickpeas, but by 2001 over one million acres were sown.

Crop	1991	1996	2001
	Acres		
Total Seeded Area	30,785,000	32,767,000	**34,111,000**
Summerfallow	14,116,700	10,950,000	**7,800,000**
Spring wheat	17,253,200	13,900,000	**10,700,000**
Canola	3,359,032	3,900,000	**4,750,000**
Lentils	442,800	690,000	**1,720,000**
Peas	195,800	900,000	**2,550,000**
Chickpeas	0	0	**1,100,000**

- Saskatchewan producers lead the nation in production of most crops. In some crops like pulses and mustard, Saskatchewan produces nearly all of Canada's crop.

Saskatchewan Share of Canadian Production - 2001			
Crop	Canada	Saskatchewan	% Share
	tonnes		
Wheat	18,227,500	7,670,800	42%
Durum	3,054,600	2,517,400	82%
Barley	11,354,900	3,697,000	33%
Canola	5,062,000	2,109,200	42%
Flaxseed	702,300	482,600	69%
Mustard	88,900	80,100	90%
Dry Peas	2,196,400	1,475,100	67%
Lentils	584,800	576,600	99%
Chickpeas	464,900	446,800	96%
TOTAL	44,699,400	20,144,500	45%

- Special crops and specialized crop production systems are also increasing in our province, again in direct response to international market signals.
- In Saskatchewan, there are approximately 1,300 organic producers (crop, livestock and wild rice). Agriculture and Agri-Food Canada estimates that there are 3,100 organic growers in the nation, which means that Saskatchewan is home to

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- Special crops and specialized crop production systems are also increasing in our province, again in direct response to international market signals.
- In Saskatchewan, there are approximately 1,300 organic producers (crop, livestock and wild rice). Agriculture and Agri-Food Canada estimates that there are 3,100 organic growers in the nation, which means that Saskatchewan is home to

about 42 per cent of Canada's rapidly growing organic production sector.

- Our greenhouse industry also continues to grow in size. The Statistics Canada's 2001 Greenhouse Industry survey reports 145 Saskatchewan firms with total area under glass and plastic of 2.10 million square feet. This compares with 145 firms with total area of 1.92 million square feet in 2000.
- The average value of total sales per greenhouse firm is estimated at $142,586, up 45 per cent from the 2000 estimate of $108,662. The average value of sales of ornamental flowers and plants was $167,450 per firm reporting, an increase of 45 per cent from 2000.

Livestock

- The end of the transportation subsidy (Crow Rate) in 1995 was the start of a new era of agriculture in Saskatchewan. This move by the federal government made it more expensive to produce and export bulk grains in Saskatchewan. It also made it more attractive to produce livestock.
- Saskatchewan has a natural advantage for livestock production. Our wide-open spaces, relatively inexpensive land and generally abundant supplies of feedstocks make this province an ideal location for animal production.
- The natural advantage and national policy framework have paved the way for growth of the provincial livestock industry.

Livestock	1991	1996	2001	SK % Share of Canada 2001
	thousand head			
Cattle	2,279	2,907	2,796	19%
Pigs	817	830	1,071	8%
Sheep	60	68.2	92.2	12%
Bison	n/a	7	34.7	n/a
Elk	n/a	8.6	32.1	n/a

Value-Added Processing

- Saskatchewan is home to a rapidly expanding processing sector. Value-added processing is now a common term in the agri-food industry, and refers to a process where our primary products are converted into higher value processed products.
- The largest value-added processing sector in Saskatchewan is in the food and feed processing area. According to Statistics Canada, 430 firms were classified as food/feed processing in Saskatchewan in 2000.

Food/Feed Processor - Classification	Number of Firms
Dairy products	140
Meat and poultry products	81
Bakeries	83
Feed processors	56
Grain and oilseed milling	22
Other food processors	48

- It is estimated that the total value of Saskatchewan's food/feed processing shipments exceeded $1.8 billion in 2001, two times as much as 1993.
- Saskatchewan's food processing industry led the nation in growth in the early/mid 1990s, growing at an unprecedented 32 per cent. This is greater than Alberta (25 per cent), Manitoba (23 per cent) and Ontario (17 per cent).
- In 2000, Saskatchewan's agri-value sector (food, beverage and feed processing) accounted for $200.7 million of the provincial gross domestic product.
- To support a rapid expansion of organic supply, our province is home to an expanding organic processing sector. There are approximately 35 certified organic processors in Saskatchewan, the majority of which are cleaning and bagging (primary processing). Secondary processing activities include flour milling and production of consumer ready products like cereals and soups.
- Saskatchewan's food and beverage industry is the largest processing and manufacturing sector in the province, accounting for about 1/3 of all manufacturing shipments. The value of food and beverage shipments from Saskatchewan manufacturers is currently estimated by the Saskatchewan Food Processors Association (SFPA) at about $2 billion annually. The industry employs about 7,500 people.

Net Export Province

- Saskatchewan remains a net exporter of agricultural products – we ship out more than we bring in.
- Because we are a net exporter, foreign agriculture policies that create real and/or artificial barriers to trade have significant impacts on our industry.
- Saskatchewan exports of primary agricultural products represents 14 per cent of the Canadian total value of primary agricultural exports.
- The total value of Saskatchewan agriculture and food exports reached $4.451 billion in 2001,

representing 38 per cent of the total value of all of Saskatchewan's exports.

- An examination of exports by type results in an interesting point: Saskatchewan lags behind the nation in terms of exports of processed products. We are still exporting the vast majority of our primary crop production, where other provinces are processing much more of their products for export.

Exports by Type	Saskatchewan	Canada
Total Crops	84%	30%
Live Animals	5%	8%
Processed Food	11%	62%

Emerging Sectors: Biotechnology

- Biotechnology is now a staple in the provincial economy. Saskatoon is now recognized as the centre of agricultural biotechnology in Canada, and is renowned around the world for its research and development capabilities.
- Saskatchewan is home to 40 per cent of Canada's biotechnology community, and agricultural biotechnology is a key component of that community.
- Innovation Place in Saskatoon is home to Saskatchewan's biotechnology industry. The 2000 staff employed by 10? organizations at Innovation Place contribu?s more than $195 million per year to the provincial economy.
- Our biotechnology industry has grown in an environment that puts a large emphasis on producing what the markets want and doing it safely.

Emerging Sectors: Nutraceutical and Functional Foods

- The Nutraceutical and Functional Food industries are beginning to take hold in this province.
- These sectors fall into a general category of natural health products, and are defined as any naturally occurring substance that is consumed with the intent to restore or maintain good health.
- Consumers around the world are becoming more health conscious, and natural health products like nutraceuticals, functional foods and herbs are growing in popularity. An Angus Reid poll of retailers in 2000 concluded that there will be annual growth of 20 per cent for these products in the Canadian markets. Growth in other countries like Japan is at least that high, and major markets like the US also demonstrate double-digit growth for natural health products.
- Saskatchewan is well positioned as an ingredient producer for natural health products. Supported by the Saskatchewan Nutraceutical Network, more than 30 companies are penetrating an industry that is thousands of years old (as in ancient Chinese herbal teas and ginseng), but considered emerging in this province.

Year in Review

2001 was a difficult year for many Saskatchewan producers. A significant drought impacted much of the southern grain belt, significantly reducing crop yields. Most of the major crops produced amounts 15 to 20 per cent below the 5-year average, and for some crops, yields were nearly 40 per cent lower than normal. In total, the 2001 crop was 22 per cent below the 10-year average because of the poor growing conditions.

	Yield			
Crop	1996 – 2000 Avg.	2000	2001	2001/Avg.
Spring Wheat	32.1	32.5	24.5	76%
Barley	52.3	51.3	39.0	75%
Canola	24.4	25.6	19.8	81%
Flax	20	18.6	16.7	84%
Lentils (kg/ac)	1176	543	754	64%
Peas (kg/ac)	1977	1079	1227	62%

The 2001 crop was generally a high quality crop. The spring wheat crop was estimated to be 87 per cent in the top grade, and 82 per cent of the canola crop also graded Number 1.

Forage yields were also reduced, particularly in the south and southwest regions of the province. Across the province, the first and second cuts of brome/ alfalfa hay on dryland averaged 0.9 tons per acre, below the 10-year average of 1.2 tons per acre. This created a feed deficit in many west and southwest areas as shown by the steady convoy of hay trucks moving west in the fall and winter.

Throughout the year, producers battled numerous adverse growing conditions. Dry conditions were most prevalent, but producers in many areas also faced severe winds, hail, frost, insect infestations and crop disease. In some areas of the southwest, flooding was also a concern in 2001.

Land and People

Saskatchewan's total land area is 228,400 square miles or 146.2 million acres. Farmland area comprises 64.9 million acres, of which cultivated farmland area is 49.2 million acres, and native pasture and other is 15.7 million acres.

The 2001 Census of Agriculture recorded 50,598 farms in Saskatchewan. The average farm size is 1,283 acres and the average cultivated area on farms is 973 acres. In response to economic conditions and changing technology in the primary agriculture industry, farms are growing larger and there are fewer of them. This is an international trend that has been in place since the 1940s. In the 1996 Census of Agriculture, there were 56,995 farms that were farming an average of 870 cultivated acres.

According to the 2001 Census, the total Saskatchewan population is 978,933, which comprises a total rural population of 349,897, and a total urban population 629,036.

Commodity Prices

As Saskatchewan is a net exporter of our commodities, we price on the global market. Our commodity prices are heavily influenced by global production, and foreign policy decisions in agriculture have a great deal of influence on farmgate prices in Saskatchewan.

Most commodity prices staged a modest recovery in 2001 from the lows in 2000. However, for crops 2001 prices were well below the 1996 to 2000 average. Livestock prices were strong in 2001 and higher than the previous five-year average.

	1996 - 2000 avg.	2000	2001
		($/tonne)	
Wheat	$ 152.14	$ 129.33	$ 141.25
Canola	$ 329.20	$ 236.96	$ 253.56
Lentils	$ 341.52	$ 327.44	$ 289.85
Peas	$ 165.65	$ 127.31	$ 154.36
Steers ($/cwt.)	$ 85.55	$ 94.00	$ 102.00
Hogs ($/ckg)	$ 148.98	$ 156.19	$ 161.24

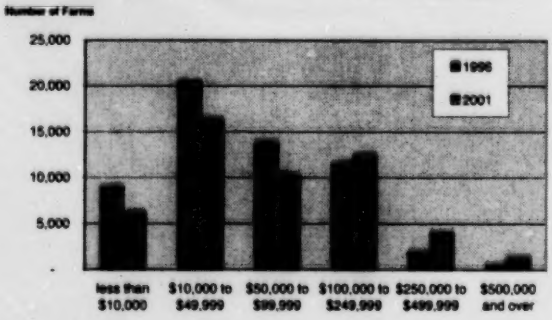
Income and Expenses

Saskatchewan Net Farm Income			
	1996-2000 avg.	2001	2000
	$ millions		
Crop Receipts	3,974.4	3,849.8	3560.0
+ Livestock Receipts	1,294.0	1,894.9	1446.3
+ Program Payments	443.7	1,022.4	775.7
= Total Farm Cash Receipts	5,712.1	6,567.1	5,782.0
- Net Operating Expenses	4,333.9	4,706.1	4557.4
= Net Cash Income	1,378.2	1,867.0	1,224.6
+ Income-in-Kind	11.6	11.3	11.8
- Depreciation	857.6	891.8	882.3
= Realized Net Farm Income	532.2	986.5	354.1
+ Value of Inventory Change	90.6	-721.3	32.4
= Total Net Income	622.8	265.2	386.5

In 2001, total farm cash receipts were above the five-year average mainly because of increased program payments. Federal/provincial programs like the Agricultural Income Disaster Program (AIDA) and the Canada-Saskatchewan Assistance Program (CSAPII) injected millions of dollars into the industry in 2001.

Crop receipts in 2001 were below those of 2000 mainly because of below average yields in many parts of the province. Increased operating expenses in 2001 were a result of high fuel and fertilizer prices for the most part, and limited the increase to net cash income for farmers. Overall, the realized net farm income for Saskatchewan farmers in 2001 was above 2000 levels and higher than the 1996 to 2000 average levels.

Saskatchewan Farms Classified by Gross Receipts



Farms Classified by total gross farm receipts
Statistics Canada Census of Agriculture

	Small ($0 to $49,999)	Medium ($50,000 to $249,999)	Large (more than $250,000)	Total Farms
Canada	130,450	82,334	34,139	246,923
British Columbia	15,449	2,973	1,868	20,290
Alberta	27,989	18,657	7,006	53,652
Saskatchewan	22,518	22,740	5,340	50,598
Manitoba	9,796	8,111	3,164	21,071
Ontario	34,610	16,129	8,989	59,728
Quebec	13,938	11,826	6,375	32,139
Nfld. and Labrador	464	112	67	643
PEI	866	546	433	1,845
Nova Scotia	2,789	668	466	3,923
New Brunswick	2,031	572	431	3,034

Economies of Scale

Technology, larger equipment and economic conditions have focused the response of Saskatchewan farms to get bigger. By farming more acres, the fixed cost of items like machinery can be distributed over more units of production. A comparison of the 1996 and 2001 Census of Agriculture data illustrates the trend to larger farms in Saskatchewan.

- The chart clearly illustrates a shift in the distribution of farm classification between 1996 and 2001. The number of farms in the small to medium classes (less than $100,000 in gross receipts) declined over the 5-year period, while farms in all of the large classes (greater than $100,000 in gross receipts) increased.
- A comparison across the country shows that Saskatchewan is home to the highest number of farms in the medium size category. Only Ontario and Alberta have more small farms than Saskatchewan.

Year in Review

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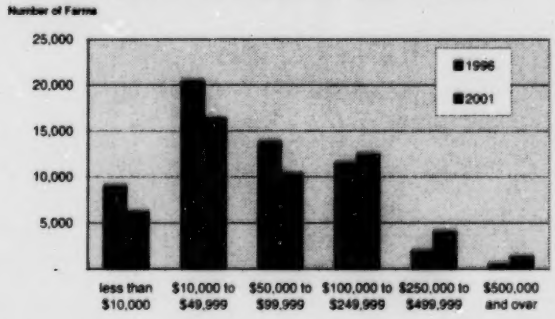
Income and Expenses

Saskatchewan Net Farm Income			
	1996-2000 avg.	2001	2000
	$ millions		
Crop Receipts	3,974.4	**3,849.8**	3560.0
+ Livestock Receipts	1,294.0	**1,894.9**	1446.3
+ Program Payments	443.7	**1,022.4**	775.7
= Total Farm Cash Receipts	5,712.1	**6,567.1**	5,782.0
- Net Operating Expenses	4,333.9	**4,700.1**	4557.4
= Net Cash Income	1,378.2	**1,867.0**	1,224.6
+ Income-in-Kind	11.6	**11.3**	11.8
- Depreciation	857.6	**891.8**	882.3
= Realized Net Farm Income	532.2	**986.5**	354.1
+ Value of Inventory Change	90.6	**-721.3**	32.4
= Total Net Income	622.8	**265.2**	386.5

In 2001, total farm cash receipts were above the five-year average mainly because of increased program payments. Federal/provincial programs like the Agricultural Income Disaster Program (AIDA) and the Canada-Saskatchewan Assistance Program (CSAPII) injected millions of dollars into the industry in 2001.

Crop receipts in 2001 were below those of 2000 mainly because of below average yields in many parts of the province. Increased operating expenses in 2001 were a result of high fuel and fertilizer prices for the most part, and limited the increase to net cash income for farmers. Overall, the realized net farm income for Saskatchewan farmers in 2001 was above 2000 levels and higher than the 1996 to 2000 average levels.

Saskatchewan Farms Classified by Gross Receipts



Farms Classified by total gross farm receipts
Statistics Canada Census of Agriculture

	Small ($0 to $49,999)	Medium ($50,000 to $249,999)	Large (more than $250,000)	Total Farms
Canada	130,450	82,334	34,139	246,923
British Columbia	15,449	2,973	1,868	20,290
Alberta	27,989	18,657	7,006	53,652
Saskatchewan	22,518	22,740	5,340	50,598
Manitoba	9,796	8,111	3,164	21,071
Ontario	34,610	16,129	8,989	59,728
Quebec	13,938	11,826	6,375	32,139
Nfld. and Labrador	464	112	67	643
PEI	866	546	433	1,845
Nova Scotia	2,789	668	466	3,923
New Brunswick	2,031	572	431	3,034

Economies of Scale

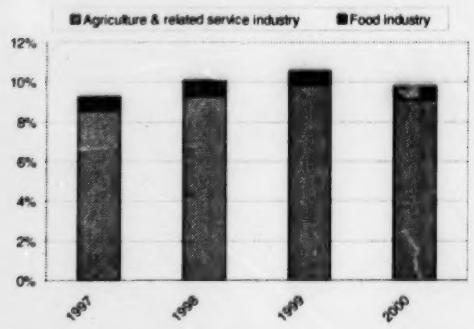
Technology, larger equipment and economic conditions have focused the response of Saskatchewan farms to get bigger. By farming more acres, the fixed cost of items like machinery can be distributed over more units of production. A comparison of the 1996 and 2001 Census of Agriculture data illustrates the trend to larger farms in Saskatchewan.

- The chart clearly illustrates a shift in the distribution of farm classification between 1996 and 2001. The number of farms in the small to medium classes (less than $100,000 in gross receipts) declined over the 5-year period, while farms in all of the large classes (greater than $100,000 in gross receipts) increased.
- A comparison across the country shows that Saskatchewan is home to the highest number of farms in the medium size category. Only Ontario and Alberta have more small farms than Saskatchewan.

Saskatchewan Agri-Food Industry Indicators

Saskatchewan Agriculture and Food monitors the state of the agriculture and food industry by using a set of historical indicators that allows us to follow the trends developing in the key economic and agronomic sectors. Understanding these statistical trends allows the department to develop its policy and program initiatives in a realistic context of the long-term trends in the industry.

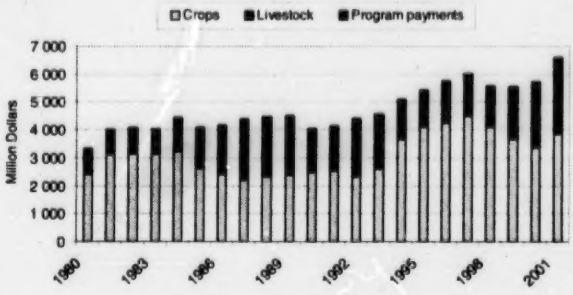
Saskatchewan Agri-Food GDP as a Percentage of Saskatchewan Total GDP



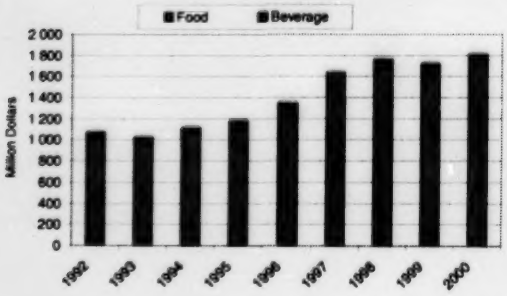
The importance of the agriculture and food industry is demonstrated by its contribution to the gross domestic product of the province. It has consistently run around 10 per cent, varying with production or from price variation in the last few years. While agriculture and food GDP has declined relative to the total Saskatchewan GDP since the early 1990s, this decline illustrates the growth and diversity of the Saskatchewan economy rather than a decline in agriculture.

Saskatchewan Sources of Farm Cash Receipts

The major contributor to the province's agriculture and food gross domestic product (GDP) is primary production. The sources of farm cash receipts indicate the cyclical nature of crop receipts, the relatively steady livestock receipts, and the variability in program payments.

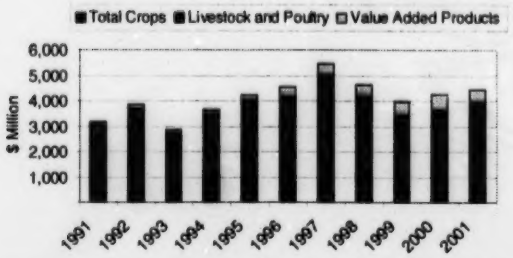


Saskatchewan Food and Beverage Industries Value of Shipments



The second major component of the agriculture and food GDP is value-added processing. While the growth since 1993 is indicated by the statistics for the food and beverage industry, there are many other components of further processing that are demonstrating similar growth trends.

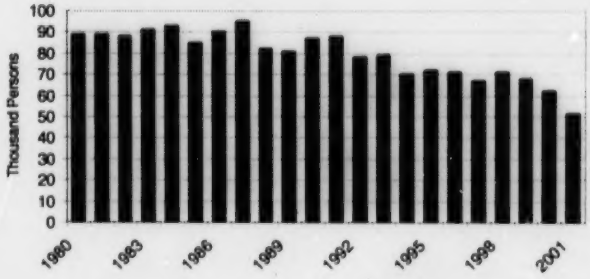
Value of Saskatchewan Shipments to other Countries



With a small population and a highly efficient production system, Saskatchewan will always be a major exporter of our agriculture and food products. The importance of those exports is indicated by the annual multi-billion dollar shipments. Future challenges for Saskatchewan will continue to be adding value to our raw exports and further processing prior to export.

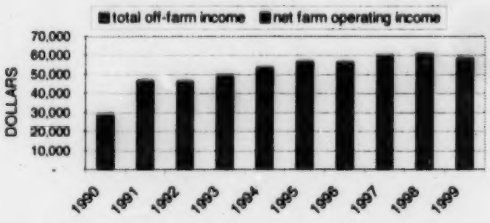
Saskatchewan Agriculture and Food Sector Employment

Agriculture and food employment of over 60,000 people in a province of a million people is another indicator of the importance of the sector. These figures do not reflect the myriad of service industries that essentially depend on agriculture for their existence. Increased farm size and mechanization will see agricultural employment continue its declining trend. (The Labour Force Survey by Statistics Canada bases its information on self declaration of the respondent's primary occupation according to hours worked. The data has tended to be highly variable over time depending on whether the respondent sees an off farm job or the farm as the most important source of income. As a result, the occasional very large



drop in agriculture employment reported by Statistics Canada is not necessarily a large drop in the number of farmers, but could be farmers recorded according to their other sources of income.)

Sources of Saskatchewan Average Total Farm Family Income

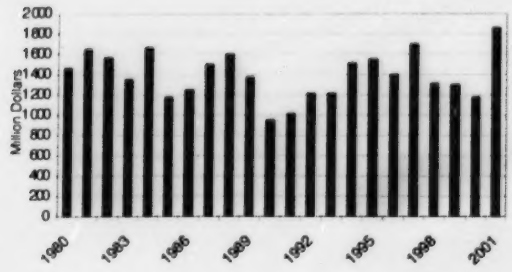


Farm families are increasingly turning to off-farm income to bring their income up to levels required to maintain a reasonable standard of living, which has not necessarily been available from farming itself.

Saskatchewan Off-Farm Income Sources

Off-farm income includes investment income as well as wages and salaries. It is noteworthy that the investment income component has been in relatively steady decline since the early 1980s, while off-farm employment is on the rise.

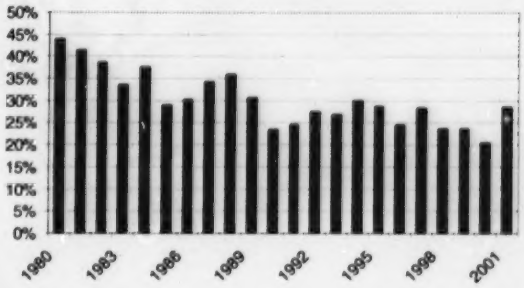
Saskatchewan Net Cash Income



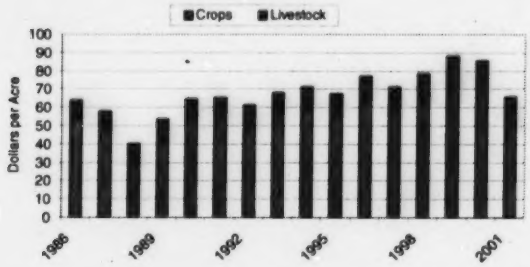
Net cash income is the amount of income a farmer has available after operating expenses but before taking depreciation into account. It is generally considered the best measure of a farmer's ability to respond to short-term income variability because depreciation or investment in equipment can be deferred in the short term.

Saskatchewan Net Cash Income as a Percentage of Total Farm Cash Receipts

Net cash income as a percentage of total farm cash receipts is a key indicator of the short-term margins that a farmer is achieving from his operation. The decline from above 40 per cent to around 25 per cent over the past twenty years is indicative of an industry that is seeing reduced margins over time. One result of smaller margins is increasing farm size.



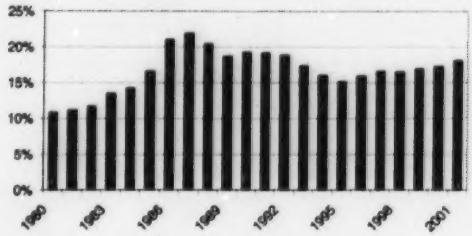
Saskatchewan Output $/acre



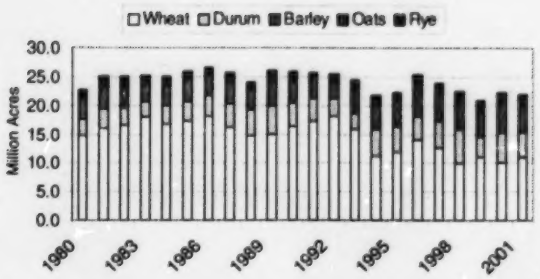
At the same time, the productivity of Saskatchewan farmers continues to increase. The Saskatchewan Output indicator is the combination of all crop and livestock receipts in constant dollars divided by the acres of farmed land. This measure of productivity looks at a per acre output of Saskatchewan agriculture holding the effects of price change constant.

Saskatchewan Farm Debt-to-Capital Ratio

The debt-to-capital ratio indicates that farmers in Saskatchewan tend to be conservative about borrowing and that the response to more difficult financial periods in farming is to reduce the level of debt in their operations.



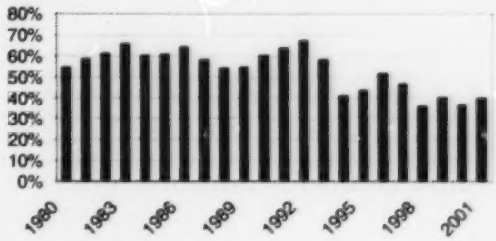
Saskatchewan Cereal Crop Acres



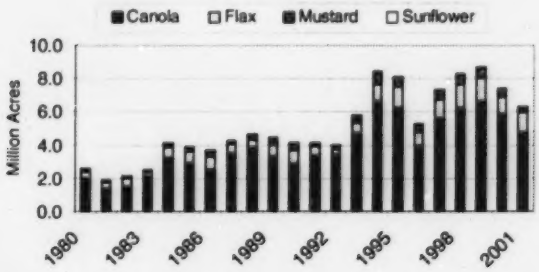
Cereal crops continue to be the backbone of the crops raised in Saskatchewan, primarily because of their importance in the crop rotation needs in farm operations and the generally less-intensive farming practices required.

Saskatchewan Spring Wheat Acres as a Percentage of Total Seeded Acres

Saskatchewan has often been portrayed as a single-crop region depending on hard red spring wheat. That reality is changing rapidly - from a traditional 50 or 60 per cent of seeded acres, there has been a dramatic diversification to other crops since 1992. Saskatchewan farmers plant over 50 different crops today and are always on the lookout for new and better alternatives.



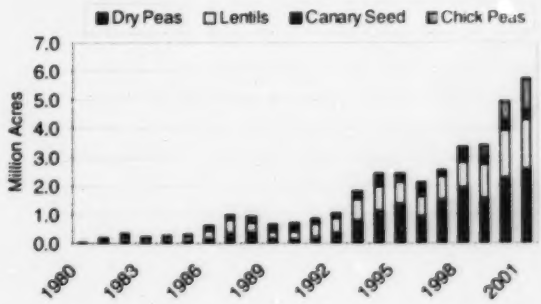
Saskatchewan Oilseed Crop Acres



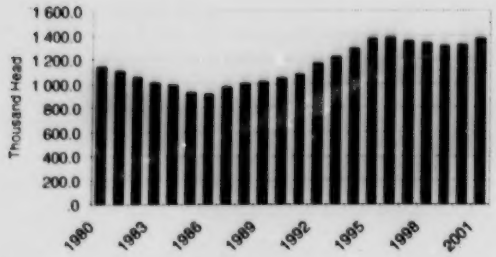
Oilseed crops have become an essential part of the Saskatchewan cropping options for farmers. Canola now vies with wheat as the most valuable crop produced in Saskatchewan since the shift away from spring wheat began in earnest in 1993. The move to longer rotations and continuous cropping has partly driven the expansion in oilseed acres.

Saskatchewan Specialized Crop Acres

Specialized crops, particularly dry peas, have also become an important cropping option for farmers since 1992. While requiring more intensive farming practices than cereal grains, they are also an important part of the crop rotation to alternate with oilseed production providing the unique benefit of nitrogen fixation which has the potential to reduce farm input costs.



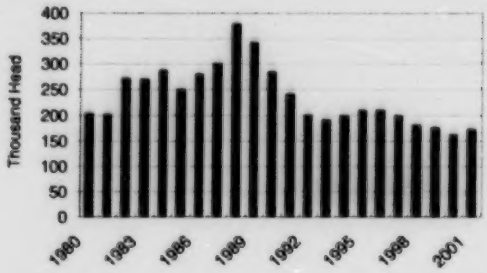
Beef Cows/Beef Replacement Heifers on Saskatchewan Farms, July 1, 1980-01



Livestock is also a key aspect of Saskatchewan agriculture and is an important stabilizing influence compared to the variability seen in the crops sector. The beef cows/replacement heifer index measures the "factory" of the cattle industry and the capability to produce calves for feeding and for replacement breeding stock.

Saskatchewan Slaughter Steer and Heifer Marketings, 1980-01

Slaughter steer and heifer marketings measure the amount of value added to the beef calf that is done within the province. Generally, the statistics prove the adage that the Saskatchewan cattle industry is primarily based on cow-calf operations and that we tend to ship the calves or feeders we produce out of the province for final finishing and slaughter.

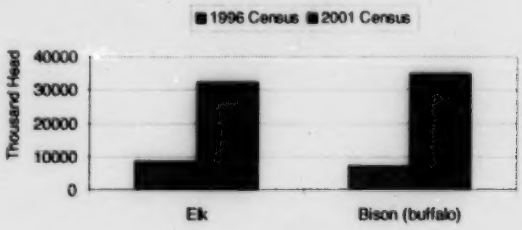


Sows and Gilts on Saskatchewan Farms, 1980-01

The sow and gilt inventory reflects the "factory" of the hog industry. The numbers here indicate a relatively steady increase in the capacity in the province, in contrast to other regions where there is a more cyclic pattern. Saskatchewan offers tremendous opportunity in the area of hog production with confirmed growth anticipated for the future.

Saskatchewan Census of Specialized Livestock Inventories

Specialized livestock represents the trend to diversification that farmers are trying to achieve in the livestock sector. The numbers are particularly impressive for bison and elk production.



SAF Initiatives and Accomplishments

Executive Summary

Saskatchewan Agriculture and Food (SAF) is committed to providing timely and constructive assistance to the agricultural industry in this province. This commitment involves not only assisting the industry with diversification and value-added initiatives, but by providing programs and services that will enable producers to manage the difficulties they face as a result of excessive international subsidies and weather related difficulties, such as drought.

Saskatchewan Crop Insurance Corporation (SCIC) paid out $331 million dollars in claims to producers who experienced weather related losses in 2001-02 – the fourth largest payout in the SCIC's 41-year history. The $331 million represents five times the premium paid by customers of approximately $67 million. SCIC also introduced a pilot Forage Rainfall Program to provide livestock producers with the opportunity to insure pasture land against drought. For the 2002-03 crop year, SCIC implemented a province-wide pilot rainfall program for forage grazing acres, in order to provide livestock producers an opportunity to insure pasture land against drought. As well, they implemented a province-wide crop rainfall pilot giving grain producers additional coverage opportunities in drought situations.

The Canada-Saskatchewan Assistance Program II (CSAP II) was a shared federal-provincial program aimed at providing $200 million in emergency aid to Saskatchewan crop producers. In 2001-02, SCIC successfully administered CSAP II to over 50,600 farmers who received an average total payment of $3,950. The federal government contributed approximately $140 million and the provincial contribution amounted to approximately $60 million. In addition to CSAP II, eligible farmers had access to funding through the Canadian Farm Income Program (CFIP), which replaced the Agricultural Income Disaster Assistance (AIDA) Program. CFIP is cost shared by the federal and provincial government on a 60:40 basis. CFIP paid out over $105 million to Saskatchewan producers for the 2000 claim year.

At their annual meeting in Whitehorse in June 2001, Federal-Provincial-Territorial Ministers of Agriculture signed an agreement in principle on an action plan to develop an Agricultural Policy Framework (APF) that would contribute to the sector's growth and profitability in the 21st century. The framework is composed of five integrated elements – food safety and quality, environment, science, sector renewal, and safety nets. Safety nets are obviously an important part of the long-term agricultural policy framework. The Government of Saskatchewan will continue to work with other governments and producers to improve safety net programs so they are more effective, as well as affordable.

Many farmers have indicated that the current safety net programs cannot adequately address the problems they face, especially during a period of sustained low prices. In response to these concerns, and to provide input into the APF process to maximize benefit to Saskatchewan, the Farm Support Review Committee held public consultations with Saskatchewan producers and farm organizations during the summer and fall of 2001. During that consultative process, the Committee sought ideas on how the current system of government safety net and disaster programs could be improved for Saskatchewan farmers. The findings from the consultations and the recommendations contained in the *Report of the Farm Support Review Committee on 2001 Safety Net Consultations* make a useful contribution to the exploration of new, future-oriented directions in risk management programming.

SAF also introduced the Farm Family Opportunities Initiative, which is to be implemented during the 2002-03 fiscal year. The program has provisions to help farmers who want to remain on their farm and in rural Saskatchewan by providing them with assistance to develop their skills or develop on-farm options. In addition, SAF has also begun the process of implementing programs and strategies within the other elements of the APF, such as food safety and quality, and the environment. A new branch was created within the department – the Food Safety and Regulation Branch, with a mandate to improve industry competitiveness through the provision of food safety and quality programming and organizational development support.

In response to producers' desires to convert marginal crop land to perennial cover, SAF introduced a new, four-year Conservation Cover Program (CCP). The program is designed to promote good land stewardship and help address issues related to soil conservation, protecting water resources, offsetting greenhouse gas emissions and conserving Saskatchewan's biodiversity. In addition to the benefits of having marginal cropland converted to forage cover and the risk of soil erosion reduced, the expanded forage acreage also means more pasture and feed to support our expanding livestock industry. The program offered producers an acreage payment of $15 per acre up to a maximum of 50 acres or $750. For the 2001-02 fiscal year, the program paid over $7.6 million to approximately 11,000 applicants to convert land to perennial cover. Acreage payments were made on over 500,000 eligible acres and producers seeded an additional 150,000 acres to permanent cover over and above the area for which the grant was paid. This indicates that farmers are choosing to expand their perennial forage acres because it is a good business decision for their farm.

The Government of Saskatchewan is also aware of the need for a renewed long-term vision for the future of rural Saskatchewan. It is for this purpose that the government established the Action Committee on the Rural Economy (ACRE). The strategies proposed by this Committee will assist to develop programs to effectively meet the challenges facing the rural sector, so that those who choose to live and work in rural Saskatchewan will have every opportunity to continue to do so. In November 2001, ACRE reviewed and approved over 40 recommendations that were deemed to be a priority. These priority recommendations were categorized into the following areas: competitiveness, skills development, infrastructure, sector specific, facilitating change, and research and development.

ACRE's Final Report was released to the public in April 2002. The government's rural revitalization plan will build on ACRE's work and provide a long-term strategy for addressing the opportunities and challenges that exist in rural Saskatchewan.

SAF Initiatives and Accomplishments

Goal One:

A thriving, environmentally sustainable, agricultural production and processing industry.

The Saskatchewan Agriculture Development Fund (ADF)
ADF was established in 1985 to fund agriculture and food research and development in the province.

A 13-member board of directors, with representation from the provincial government, the research community and the agri-food industry, reviews project proposals received by May 15 and November 15 of each year. The board selects the projects to be considered for funding. The ADF - Agri-Value Program annual funding allocation was increased from $150,000 to $200,000, with the maximum per applicant amount increased from $15, 000 to $20,000.

During 2001-02, SAF provided support totaling $7,393,631 for 148 on-going projects (41 new projects) and 97 completed projects in the areas of field crops, horticulture, forage crops, plant breeding, plant disease and pest control, animal production, animal welfare, processing, animal disease and pest control, management, marketing and economics.

In addition, during 2001-02, SAF also funded 22 projects for a total of $4,675,436 under the ADF - Strategic Research Program Agreement with the University of Saskatchewan.

Agri Food Innovation Fund
The Canada-Saskatchewan Agri-Food Innovation Fund, known as AFIF, paid $8,121,514 to 123 projects during the 12-month period ending March 31, 2002, which was the sixth full year of operation for the AFIF.

AFIF was established in 1995, to promote and support emerging primary production and value-added processing activities within the province. The $91-million fund received two-thirds of its money from the Government of Canada and one-third from the Province of Saskatchewan. An industry-driven board of directors who are responsible for making funding decisions, approving projects, and administering AFIF manages this agreement.

All of the money has been fully committed to projects in the following eight strategic areas determined by the AFIF Board of Directors: biotechnology, horticulture, non-food processing, special crops, food processing, information technology, specialized livestock, and sustainable agriculture.

AFIF's mandate has been extended to March 31, 2003 in order for projects and programs to be completed. The Fund originally had been targeted to end on March 31, 2000.

Technology Adoption and Demonstration Program
The Technology Adoption and Demonstration Program (TAD) was developed in 1998-99 to enable SAF to support department planning initiatives and to commercialize agri-food technology of strategic importance to the province. The fund supports:

- Strategic programs initiated by SAF that provide critical information for informed decision making,
- Institutional initiatives that strengthen their long-term value as a support mechanism for industry development, and
- Research and development pre-commercialization activities for businesses of strategic importance to the province.

In 2001-02, a total of 84 projects received $4,483,192 in funding. Of these projects, 37 supported SAF initiatives, 41 supported Saskatchewan institutions and six supported research and development activities associated with commercialization.

Summary of ADF, AFIF and TAD Funding
In the 2001-02 fiscal year the Agriculture Development Fund, the Agri-Food Innovation Fund and the Technology Adoption and Demonstration program allocated funding into the five Action Areas as follows:

Projects funded in the Crops Action Area include: $470,000 to a project with the Crop Development Centre to develop improved varieties of chickpeas and field peas, as well as more effective methods of

managing disease and weed control; $10,400 to a project undertaken by the University of Saskatchewan to further the development of strawberry plants (crowns) in Saskatchewan that are necessary for commercialization of strawberry crowns in California; and $15,000 to a project with Agriculture and Agri-Food Canada: to identify the seeding practices, to improve establishment, growing environment and final grain yield of Brassica species in the semiarid prairie.

Some examples of payments made in 2001-02 towards projects funded in the Environmental Stewardship Action Area include: $65,320 to a project with Agriculture and Agri-Food Canada to apply a biocontrol agent as a granular formulation to the soil and samples of plant tissues and to monitor the colonization of plant tissues, movement in soil environments, and persistence in soil; $8,000 to a project with the Western Beef Development Centre to determine the amount of solid manure generated by feedlots and backgrounding lots in Saskatchewan; and $20,000 to a project with the University of Saskatchewan to develop a new, alternative technology for organic producers to increase soil nitrogen levels.

Some examples of payments made in 2001-02 towards projects funded in the Value-Added Processing Action area include: $15,000 to a project with InfraReady Products to develop, test and commercialize food ingredients from the value-added processing of barley malt and wheat malt; $5,888 to a project with Prairie Agriculture Machinery Institute (PAMI) to determine the ease of installing a draper style pickup onto a round baler to test the effectiveness of the pickup in reducing leaf loss at two different hay moisture contents; $15,000 to a project with Sun Country Farms to develop United States Department of Agriculture (USDA) compliant packaging and labelling for the southern USA export market of birdseed; and $75,000 to a project with the University of Saskatchewan to determine the roles played by some of the intrinsic physical and chemical parameters of processed meat namely iron availability, fat content, osmolyte content and antioxidants levels, on the growth and survival of human food borne pathogenic bacteria on meat products.

ADF, AFIF and TAD Funding 2001-02

2001-02	Livestock	Crops	Environmental Stewardship (Soils, Air and Water)	Value-Added	Other	Total
ADF	$2,535,04386	$6,836,899	$735,702	$1,364,836	$596,586	$12,069,066
# of Projects	45	134	24	48	17	268
AFIF	$1,524,213	$3,720,653	$832,131	$307,693	$1,736,824	8,121,514
# of Projects	23	65	7	5	23	123
TAD	$1,037,656	$2,234,820656	$376,213	$120,000	$714,503	$4,483,192
# of Projects	17	39	7	5	16	84
Total $	$5,096,912	$12,792,372	$1,944,046	$1,792,529	$3,047,913	$24,673,772
Total # of Projects	85	238	38	58	56	475

Agri-Value Program
The Agri-Value Program is a $150,000 program designed to encourage development and expansion of the value-added agri-food industries in Saskatchewan. Applications are received each month. Decisions on project application are made by a sub-committee of the ADF Board of Directors.

Research Publications
Results of research projects are available on the Internet at **http://www.agr.gov.sk.ca/adf/** and can also be obtained from SAF - Rural Service Centres.

Saskatchewan Crop Insurance (SCIC)
Crop insurance protection against production loss is an important cornerstone of the farm safety net package. For 2001, SCIC paid out $331 million dollars in claims to producers who experienced weather related losses – the fourth largest payout in SCIC's 41-year history. That figure represents five times the premium paid by customers of approximately $67 million.

Program participation:
For the 2001-02 crop year, SCIC provided insurance for production and quality-loss against natural perils on 31 different crops or crop classes as well as a variety of forages. Nearly 34,000 customers insured 25.2 million acres of annual cropland, an increase of 1.1 million acres from 2000-01. Seventy-four per cent of all land seeded in 2001 received protection from the Crop Insurance Program.

Program enhancements:
The Saskatchewan Crop Insurance Program offers several features and options that allow producers to protect their crops in the way that best reflects their own management practices.

The 2001-02 program presented several enhancements such as:

- In 2001, the federal and provincial governments continued the cost-sharing structure of 2000, paying an additional 10 per cent of the total premiums at both levels of coverage. For base coverage of 50 per cent of a producer's average yield, governments paid 90 per cent and producers paid 10 per cent. For buy-up coverage of 60, 70 and 80 per cent of average yield, governments paid 60 per cent and producers paid 40 per cent of the incremental premium cost for coverage above the 50 per cent level.
- In co-operation with industry, SCIC piloted a Forage Rainfall Program to insure pasture and hay land for livestock. This was offered in 30 selected rural municipalities in south central and northwest Saskatchewan. Eligible producers insured up to 1,000 acres of tame hay or native forage. Claims were triggered when the April 1 to July 31 rainfall recorded at the selected Environment Canada weather station measured below 80 per cent of normal. For each percentage point below 80 per cent, 2.5 per cent of liability was paid out. 336 producers insured 210,000 acres in this pilot program with a total indemnity payment of $626,000. The success of the pilot program prompted the development of an on-going forage rainfall program for 2002.
- Furthering the New Crops Program to expand services available to the province's diversified producer, SCIC split lentils into three classes, insuring them separately. Each class is insured with separate coverage and prices. Production from one class does not offset production from another class.
- Insurance for chickpea crops was split into three classes as well. Two risk zones were established for large-seeded Kabuli chickpeas. Each zone has a separate premium rate to reflect the risk in the area.
- Producers could select spot-loss hail and fire coverage of 50, 60, and 70 per cent on any insured crop in 2001. The coverage level chosen was the same as that selected for crop insurance. Indemnities paid for damage were deducted from any yield-loss claims on the same crop. A base hail premium rate was established for each township. In 2001-02, 20 million acres were endorsed for spot-loss hail coverage.
- An establishment benefit is available on crops that fail to adequately establish or suffer significant damage due to insurable causes prior to the 20th of June.
- Responding to the increasing customer demand for electronic communication, Crop Insurance launched a self-managed website on March 12, 2002. The website provides an interactive site where producers can research updated information 24 hours a day. SCIC is poised to become fully interactive with producers, helping them make more informed decisions.

Toll-Free Lines
Customers can contact SCIC using toll-free numbers. Claims and seeded acreage information can be registered and production declarations can be submitted over the phone. From April 1, 2001 to March 31, 2002, SCIC received a total of 93,960 toll-free calls in addition to numerous direct and local call inquiries.

Reinsurance
In 2001, the corporation completed a two-year pilot, investigating the use of private sector reinsurance to help fund any large losses. The primary goal of the pilot was to become familiar with how private insurance works and build a relationship between the corporation and the companies that provide crop reinsurance in Canada. A secondary goal was to provide a disaster level cover for the New Crops Program as it is not included in the government's reinsurance arrangements for traditional crops.

At the conclusion of the pilot, the goals were achieved. The government is now better positioned to assess it's options for managing high claim years that may arise in the future.

Global Positioning Systems (GPS)
In 2001, Saskatchewan Crop Insurance operated 17 GPS (global positioning system) survey grade units, providing verification of cultivated acres and measurement of damaged crops. Since the project originated in 1997, survey grade receivers have measured more than two million acres. By the end of the 2001 crop year, over 150 GPS handheld receivers were distributed to adjusters throughout the province, the technology to eventually replace the measuring wheel.

Waterfowl and Big Game Damage Compensation Programs
SCIC administers the Waterfowl and Big Game Damage Compensation Programs. Producers can suffer crop losses from damage caused by white-tailed and mule deer, antelope, elk, moose, bears, ducks, geese, and sandhill cranes. Any Saskatchewan producer with or without a Crop Insurance contract is eligible to receive compensation for crops damaged by waterfowl or big game. Producers suffering crop losses because of big game or waterfowl benefit with:

- 85 per cent compensation
- payments based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop
- producers do not have to be crop insurance contract holders to receive compensation and,
- there are not costs or premiums paid by the producer, however, there is a $200 deductible per crop for all waterfowl and big game claims.

In the 2001-02 crop year, 612 big game claims were made and $1.31 million was paid out. There were also 164 waterfowl claims registered and $233,000 paid in compensation.

Cervid Health Surveillance Program for Chronic Wasting Disease
The Cervid (caribou, deer, elk or moose) Health Surveillance Program for Chronic Wasting Disease (CWD) was implemented in January 2001. The department issued tags to identify velvet antler from animals participating in the program.

On December 31, 2001, the program became mandatory in order to help eradicate CWD and to allow game farmers to regain markets for animals and products.

Agri-Food Equity Fund
The Agri-Food Equity Fund (AFEF) was established in 1994 to stimulate growth of the processing industry in Saskatchewan with an expanded capital base amounting to $35 million. The Fund is one of several initiatives to support the agriculture and agri-food industry. Since inception, AFEF approved investments consisting of over $23.1 million in 26 businesses, creating more than 450 jobs and expanding markets for our farm products.

AFEF provides patient venture capital and business development consultation services to companies or cooperatives that process primary agricultural products, market and distribute processed products, supply inputs to processors or farmers and produce or supply non-traditional primary agricultural products.

The goal for each investment is to provide capital for an eight-year period, at which time AFEF would divest itself of the investment. Revenues generated from investments are returned to the fund for reinvestment in other value-added opportunities.

AFEF specializes in four major sectors: Food Processing, Non-Food Processing, Knowledge-Based Industries, and Equipment and Machinery. The fund not only provides patient capital in the form of equity financing, but also offers unbiased business expertise and advise.

During the 2001-02 fiscal year, AFEF disbursed investments in debenture, common shares and preferred shares totaling $6,325,000:

Canadian Livestock Services	$ 250,000
Durafibre Inc.	3,775,000
Fytoken Products Inc.	250,000
Notukeu Processing Inc.	550,000
Pastryworld Enterprises Ltd.	200,000
TML Foods Inc.	300,000
Worldwide Pork Inc.	1,000,000

During the fiscal year, AFEF earned revenue of $389,000 (unaudited) from interest, dividends, administration fees, and $340,000 from gains on investments. Investment principle of $2.1 million was redeemed to the fund.

On March 27, 2002, the Government of Saskatchewan announced that AFEF would be wound down.

Market Research and Development
SAF undertook the development of several significant market research and intelligence studies over the past year. These reports are being distributed to Saskatchewan industry members in order to allow them to strengthen their marketing plans and reduce costs of market information gathering. Some examples of these included:

- a study identifying the market opportunities for organic (and natural) beef products in Canada and the United States;
- a market intelligence report investigating the potential for case ready beef products in Canada and the United States;
- a report detailing the cost of investment associated with constructing food processing plants, in particular, plants proposed to house meat processing and slaughter operations;
- a market assessment investigating the potential for organic animal feed products in the US and EU; and
- a study identifying major importers of organic pulse products in the European Union.

SAF also answered numerous requests for basic research in areas as diverse as: pet food, hemp, buckwheat, flax oil, fruit wine, mushrooms, pulses, organic foods, bison meat and Saskatoon berries.

Targeting International Markets
SAF again participated in planning and hosting the International Business Centre at the Canadian Western Agribition, 2001. This made it possible for nearly 500 guests from over 40 countries and 23 American states to register in a location designed to put international buyers in contact with Saskatchewan companies seeking export sales development.

Five international target markets were identified by SAF. These priority markets include: US (Upper Mid-West), EU (U.K., Germany), Japan, China, and Mexico. Emphasis is placed on participating in activities that leverage partnership resources and contribute to the development of the agri-value sectors in addition to the agriculture sector. In addition, SAF has increased its participation on the priority market teams agreed upon by the federal and all provincial governments. Participation on these teams provides Saskatchewan increased access to export initiatives that share costs among provincial and federal partners.

Over the past year, SAF welcomed 18 incoming delegations, mainly from the five SAF target market countries. Saskatchewan business is invited to meet with incoming delegations to maximize exposure to potential markets, investment, partnerships and alliances.

SAF also participated in the organization of five outgoing missions, which included Saskatchewan companies as participants. SAF partners very closely with Saskatchewan Trade and Export Partnership (STEP) in assisting companies to reach their export targets and potential. For example a pulse mission to India resulted in increased knowledge of the quality requirements of buyers among the Saskatchewan companies that can help facilitate trade.

SAF participated in coordinating Tastes of Saskatchewan at Canadian Western Agribition. This event allows Saskatchewan food companies and commodity groups to raise consumer and international awareness of food commodities produced in Saskatchewan to consumers and international guests.

SAF led a Market Investigation mission to Guadalajara, Mexico following the Tri-National Accord Conference in Manzanillo. This three-day mission, which focused on the areas of value-added and marketing in the state of Jalisco, was a joint initiative with Manitoba Agriculture and Food.

SAF continued to participate in the federal-provincial partnership known as Trade Team Saskatchewan with Saskatchewan Economic and Cooperative Development, Saskatchewan Trade and Export Partnership, Industry Canada, Department of Foreign Affairs and International Trade, Western Economic Diversification, and Agriculture and Agri-Food Canada.

A Sask Pulse Investment Reception was organized and held at the La Confederation Internationale du Commerce et des Industries des Legumes Secs/ International Trade and Industry Convention Centre in Vancouver. Approximately 120 people attended the Saskatchewan Reception.

Food Safety and Quality Assurance

Over the past year, SAF has undertaken numerous activities in its contribution to the area of food safety and quality assurance. The following activities ensure consumers have access to a safe and high quality food supply that will allow the Saskatchewan agri-food businesses to compete successfully in the market place.

- Food safety and Hazard Analysis Critical Control Point (HACCP) systems were implemented at 14 Saskatchewan food processing companies. Technical support was provided to processors to assess, design or implement a HACCP plan. This included nine food-safety audits and on-site coaching to implement food-quality systems to ensure the industry is maintaining or improving their food safety programs.
- SAF has five staff co-located at the Saskatchewan Food Industry Development Centre Inc. (Food Centre) in Saskatoon. From this location, SAF provides the Saskatchewan food processing industry with a variety of programs designed to create awareness and aid manufacturers in implementing their own programs to address the issues of food safety and food quality in Saskatchewan processed foods. Ensuring the Saskatchewan agri-food industry is able to compete globally with safe and high quality food products is a priority of the department.
- A voluntary meat inspection program is available under *The Disease of Animals Act* for slaughter plants that want to sell product to markets requiring inspected meat or products from inspected carcasses.
- Consultation started on a rewrite of the regulations that govern domestic slaughter. The new regulations will be harmonized with the National Meat and Poultry Regulations and Code under *The Animal Products Act.*
- Work continued on development and delivery of *Processing Meat Safely*, a distance education course for small meat processors.
- SAF also provides training and education for the production of safe, high quality food through numerous workshops and seminars.

Dairy Laboratory

The Dairy Laboratory analyzes raw and processed milk samples for composition and quality. The Saskatchewan Milk Control Board and dairy processors use composition results to purchase milk from producers. Some of the activities of the Dairy Laboratory during 2001 included:

- Participated on the Canadian Quality Milk Technical Team to develop a national on-farm quality assurance program for dairy.
- Participated on the Provincial Milk Control Board Density Committee to streamline the milk production system in Saskatchewan and bring the provincial system into compliance with the national system by August 1, 2004.
- Maintained Standards Council of Canada laboratory accreditation.
- Issued 332 Milk Producer licenses, two Dairy Manufacturing Plant licenses and 41 Milk Transport Operator licenses.

The Canada-US-Mexico Agriculture Accord

The States/Provinces accord was established in 1986 to address mutual interest and irritants in an informal setting. Following the establishment of the North American Free Trade Agreement (NAFTA), Mexican states were asked to join in 1992. The Accord is an annual meeting attended by Canadian provincial agriculture ministers, members of the US National Association of State Departments of Agriculture, and members of the Mexican State Departments of Agriculture. The Accord is held in a different country each year, with Saskatchewan hosting it in Saskatoon in 2000.

The Provinces States Advisory Group (PSAG)/ Canada-US Accord Working Group
The PSAG was established in 1999 as a forum for provinces and states to deal with bilateral agricultural trade concerns at the provincial/state level and to develop suggested solutions for federal level issues. Saskatchewan Agriculture and Food continued efforts at addressing US trade relations through the PSAG, including raising concerns of the trade distorting components of the 2002 US Farm Bill, working to ensure country of origin labelling requirements are not used as a trader barrier, and undertaking activity to promote pesticide harmonization activity.

The Federal Provincial Agriculture Trade Policy Committee (FPATPC)
The FPATPC was established in 1984. The FPATPC is co-chaired by a trade policy official from the provinces and one official from Agriculture and Agri-Food Canada. The committee facilitates provincial input into issues such as trade negotiations and disputes and acts as a mechanism for raising trade concerns with the federal government as well as facilitating the dissemination of information relating to trade concerns among provinces, and between provinces and the federal government. Key activities of the committee include the following:

- A recommended negotiating approach to revise the scope and coverage of chapter nine of the Agreement on Internal trade, which relates to agriculture and food goods was developed.
- The committee provided the means for the province to input on Canada's WTO position, as well as on trade initiatives dealt with through such bodies as Canada/US Consultative Committee on Agriculture and the Free Trade of the Americas' Agreement's negotiating group on agriculture.
- The committee is also instrumental for providing advice and input into the resolution of various Canada/US trade irritants, including meat labelling, countervail and anti-dumping action, the European Union ban on beef treated with hormones, the WTO International Biosafety Protocol, the 2002 US Farm Bill and other trade concerns that may arise.

Ag-West Biotech
Ag-West Biotech Inc., located at Innovation Place in Saskatoon, promotes the development of the agricultural biotechnology sector in Saskatchewan through marketing and information. Ag West Biotech serves as an umbrella organization for the numerous ag-biotech companies.

In 2001-02, SAF provided funding in the amount of $1.1 million to Ag-West Biotech to assist the continuation of its activities and to assist with ag-biotech research.

Supply Management Agreement
A new Federal Provincial Agreement (FPA) on Chicken was signed by all provincial ministers on June 28, 2001. The new agreement replaces the agreement that was originally signed in 1978. New FPAs are currently being developed for the egg and turkey industries in Canada.

Transportation
Staff worked with officials from Highways and Transportation in the development of a submission to Canadian Grain Commission's Review of Producer Car Loading Facilities. SAF continues to work closely with Highways and Transportation on transportation issues that affect Saskatchewan producers.

Ukraine Beef and Forage Development
The third year of the Canada-Ukraine Beef and Forage Development project was successfully completed. This is a four-year CIDA-funded project in partnership with Manitoba Agriculture and Food, and Saskatchewan Trade and Export Partnership (STEP). Saskatchewan specialists prepared and delivered training modules and Saskatchewan seed and genetics companies demonstrated products creating valuable exposure business contacts. The positive exposure from this project has meant that, this year, a number of Ukrainian groups traveled to Saskatchewan to investigate and/or purchase genetics, seed and machinery from Saskatchewan companies.

Bio Fach 2002
Saskatchewan Trade and Export Partnership (STEP) and SAF joined forces at Bio Fach 2002 to raise the profile of Saskatchewan's organic industry in the Canadian Pavilion. SAF and STEP led and represented a total of 10 Saskatchewan companies and producers, the largest contingent in Canada. Bio Fach 2002 hosted approximately 26,000 visitors and 1920 exhibitors, which more than justifies its title as the World Organic Trade Fair.

Saskatchewan hosted a reception for approximately 70 people, including representatives from Saskatchewan and other Canadian companies, their German partners, International Federation of Organic Agriculture Movements (IFOAM), and the show organizers.

Agri-ARM Program (Applied Research Management Program)
SAF provided $300,000 in funding for the establishment of the Agri-ARM Program, which replaces the former Agri-Food Innovation Fund (AFIF) sponsored Spoke Site Program. Staff from SAF were instrumental in developing and coordinating the new Agri-ARM Program. This is a cooperative effort between local producer groups, SAF, Agriculture and Agri-Food Canada (AAFC), the Provincial Council of Agriculture Development and Diversification (ADD) Boards, industry, and other organizations.

The program will result in efficiencies for transferring technology and linking producers and processors to the latest advancements in science. Overall, the Agri-ARM program will promote new partnerships with commodity groups, industry and stakeholder agencies and will serve to accelerate production and processing of higher value crops. Additional funding for the program was obtained through the federal Canadian Adaptation and Rural Development Saskatchewan program (CARDS) to initiate projects and surveys on environmental farm stewardship issues.

The provincial forage crop variety testing and minor use programs were also combined with the Agri-ARM program. Eight producer-driven sites will be in operation in 2002. These are Canora (East Central Research Foundation), Redvers (South East Research Farm), Indian Head (Indian Head Agricultural Research Foundation), Swift Current (Wheatland Conservation Area Inc.), Scott (Western Applied Research Committee), Melfort (Northeast Agricultural Research Foundation), Rosthern (Seager Wheeler Farm), and Prince Albert (Conservation Learning Center).

Veterinary Infectious Disease Organization (VIDO) Support
SAF provided $300,000 in funding during 2001-02 to support research and development as part of a five-year (2001-2006) agreement with VIDO for research in disease control and vaccine production.

Prairie Swine Centre Support
SAF provided $ 250,000 in funding during 2001-02 to support research and development in quality pork production as part of a five-year (2001-2006) agreement with the Prairie Swine Centre Inc.

Assistance to the Broiler and Broiler Hatching Agencies
SAF appointed an administrator to manage the activities of the chicken broiler and broiler hatching agencies. Key activities for the year included:

- Supporting the growth agenda to ensure that the chicken industry meets its doubling of quota recommendation;
- Developing a governance structure that would ensure transparency; and
- Resolving the conflict between the Chicken Farmers of Saskatchewan and the Saskatchewan Broiler Hatching Egg Producers' Marketing Board by having both parties agree to participate in a Final Offer Arbitration process.

Crown Land Administration
SAF managed approximately 7.5 million acres of Crown land in 2001-02, including:

- 5.974 million acres of land classified as agricultural (cultivated, forage, and native), and
- 1.582 million other acres (composed of 82,108 acres of non-agricultural land such as oil and gas leases, quarry, public and commercial land; 133,601 acres of land under agreement for sale; 805,777 acres of provincial pasture land; 456,733 acres of Prairie Farm Rehabilitation Administration (PFRA) land; and 104,236 acres of vacant land.) In addition, over three quarters of a million acres of land under water bodies belong to the Crown and are administered by SAF.

SAF realized income of $31,815,889 from Crown land administration (excluding the Pastures Program Revolving Fund) that included:

- $6.6 million – Petroleum and gas leases
- $17 million – Rent on cultivation, hay and grazing leases
- $8.3 million – Other land revenues and administration fees

Multiple Use of Crown land
Multiple use of Crown land continues to expand in an integrated fashion, often coexisting with traditional agricultural use. The following new initiatives occurred in 2001-02.

- The Crown Land Stakeholders Forum (CLSF), which began in 1999–00, held two meetings in 2001. The forum presents an opportunity for stakeholders to provide comment and discussion on SAF's policy initiatives that apply to Crown lands. Much of the discussion revolves around multiple land use issues.

- Land Policy and Planning unit has formed land use planning committees with various interest groups, including Saskatchewan Wildlife Federation, Saskatchewan Outfitters Association, and Ducks Unlimited. The groups meet to establish broad guidelines for land use.
- For spring 2002, the process to provide permission for access to Crown agricultural land for the purposes of outfitting was finalized. This is a first crucial step in legitimizing outfitting as an approved land use practice on Crown agricultural lands.
- Implementation of a forest harvesting plan for Wingard Community Pasture has begun, and 42,000 Foot Board Measure (FBM) of white spruce was cut by patrons for saw timber.

Lease of Crown Land
Each year, Lands Branch advertises vacant Crown lands for lease. In 2001-02, a total of 255 parcels containing 33,322 acres were advertised and subsequently allocated.

Crown land leaseholders can assign their lease agreements to others under certain conditions. In 2001-02 there were 124 family assignments representing 69,112 acres, and 106 non-family assignment representing 46,423 acres.

Sale of Crown Land
Each year, the department conducts a tender sale of vacant land that is surplus to needs. In 2001-02, a total of 14,230 acres of Crown land were sold which resulted in $ 6.56 million in revenue. This included sales by tender and sales to lessees. The number of acres was down from 21,020 acres sold in 2000-01, for revenue of $3.8 million. The most noticeable change occurred in the number of acres sold to lessees, which dropped from 12,301 acres in 2000-01 to 6,343 acres in 2001-02.

Treaty Land Entitlement (TLE)
Lands Branch continues to provide First Nations with a Treaty Land Entitlement (TLE) with opportunities to obtain Crown land, where third party interests are settled.

In 2001-02, a total of 49,678 acres were sold generating revenue of $4.7 million. This brings the aggregate total of Crown land obtained for TLE purposes to 122,699 acres since July 1997.

Saskatchewan Pasture Program
The Saskatchewan Pasture Program (SPP) is operated under the Pastures Revolving Fund, which allows the Pastures Program to operate in a business like fashion, allowing for revenue from the pastures program to cover the expenses of the program.

The Pastures Program manages 54 provincial cattle pastures and one sheep community pasture, comprising 798,000 acres of land. In 2001, 2,429 individual livestock producers had 66,757 adult cattle, 55,426 calves, 2,378 ewes and lambs, and 237 horses and colts. In addition, wintering programs handled 1,019 bulls for the whole season and 856 replacement heifers.

The eighth year of the revolving fund ended on March 31, 2002. The revolving fund allows for greater flexibility in pasture operations and client service. Total revenue in 2001-02 was $6.5 million (unaudited), compared to $6.3 million the previous year. The accumulated deficit is $444,000 as compared to $729,350 in 2000-01.

Lands Appeal Board (LAB)
Twenty-six appeals to the Allocation of Crown Land and one appeal to the cancellation of a Crown Land Lease were heard by the Lands Appeal Board. The Board upheld 15 allocations and the cancellation, and 11 applications for Crown Land lease were returned to the department for re-scoring.

In addition, appointments of the Lands Appeal Board were completed for another term and a new appeal form was developed to improve the appeal process.

Working with the Livestock Industry
SAF helped organize the *Foraging Into the Future 2* conference in Swift Current. The event attracted over 100 livestock producers in the Southwest as well as approximately 50 industry, research and extension participants. The two-day event focused on managing forage through a drought and included presentations on forages, grazing, rangeland management and water quality. As well, a series of winter-feeding meetings provided information on alternate feeds, winter nutrition and water requirements to 225 producers at eight locations in the North. Extension agrologists also conducted the Fifth Annual Cattle Feeding Information Seminar in Saskatoon.

First Nations now own significant acres of pastureland in Saskatchewan, many of which have potential for improved usage and condition. A Rangeland agrologist was contacted to assist in developing grazing strategies for the Thunderchild Band, Red Pheasant Band, Village of Green Lake - Silver Lake Farm and Central Farm. Plans were developed for stocking rates, rejuvenation and long-term improvements. The net effect of this alliance is an increase in overall livestock numbers and adoption of sustainable grazing. Also, staff worked with three First Nation Bands and two northern pasture groups to review pasture carrying capacity and grazing management.

Extension staff worked with the Saskatchewan Stock Growers Association, the Saskatchewan Cattle Feeders Association and agribusiness on winter feeding, national identification, and management workshops.

In the North, the 'What's in Stock for You' seminar series attracted over 200 producers and provided the latest information on feeding, economics and marketing information.

An Extension agrologist continued to work on the Sport Horse marketing project. This initiative involved working with PMU producers in marketing to buyers in the United States of their sport horses, the offspring of PMU draft horses bred to thoroughbreds. Further development of this market will continue to add to the profitability of PMU operations and the horse industry in Saskatchewan.

Staff worked with the Canadian Organic Livestock Association (COLA) and Diamond 7 meats, as part of the SAF Organic Beef Team, to develop a slaughter plant for specialized livestock.

In addition, staff provided one-on-one assistance and information to over 50 communities interested in development of pork, feedlot or cow-calf developments, and worked with Agrivision to deliver a *Livestock Development Awareness Initiative* in conjunction with the Saskatchewan Association of Rural Municipalities (SARM) that resulted in over 140 communities expressing their interest in livestock development.

Food Safety and Animal Health

Food Safety and Animal Health, formerly referred to as the Disease Surveillance Unit, was established in March 1998, to provide disease surveillance information for the province. The Unit has two veterinarians, one of whom is the provincial veterinarian. Some of the activities of the unit during the year included:

- Completed the collection of data (including a survey of producers) for the Production Limiting Disease Survey in Dairy Cattle for the following diseases: Neosporosis, Bovine Viral Diarrhoea, Enzootic Bovine Leukosis and Johne's Disease. Analysis of the data has begun.
- Collected Saskatchewan data for national statistics on numbers of animals examined for Transmissible Spongiform Encephalopathies (TSEs), which includes CWD, Bovine Spongiform, Encephalopathy (BSE), and Scrapie; statistics are necessary to assure our trading partners that adequate surveillance is present for these diseases, particularly BSE.
- Initiated an enhanced BSE and Scrapie surveillance from the diagnostic laboratory – all heads of cattle over 24 months and sheep over 12 months will be tested using immunohistochemistry.
- Initiated and participated in developing a computerized surveillance data collection program for Prairie Diagnostics Services (PDS), the veterinary diagnostic laboratory in Saskatchewan, which will enable easier and timely retrieval of statistics on diseases in Saskatchewan, including Bovine Spongiform Encephalopathy (BSE) and Scrapie.
- Worked with and contributed to discussions and projects with Animal Health and Welfare Partners including Saskatchewan Veterinary Medical Association (SVMA) Council (summer student-mentoring), SSPCA Investigative Services, Canadian Animal Health Consultative Committee (CAHCC), Federal/Provincial/ Territorial (Zoning) Canadian Animal Health Network (CAHNet)(Reporting diseases, Influenza), CAHCC Disease Surveillance working group, Saskatchewan Advisory Council on Animal Health and Humane Care, Expositor (quarterly newsletter), national beef PLDC (distributing information)
- Initiated a survey for Johne's Disease in bison and collected serum and manure.
- Completed a serological survey for Infectious Laryngotracheitis (ILT) in chickens to determine how to use the serological results to detect ILT in birds coming into the province.

Game Farm Program

Saskatchewan has 594 licensed game farm operators. The department carried out a number of activities during 2001-02 resulting from the Game Farm Program:

- Issued 38 new game farm licences.
- Issued 517 export certificates to facilitate the movement of game farm animal products within Canada and to the United States.
- Maintained a database for the inventory of game farm animals, which consists of 31,990 elk, 4,435 white-tailed deer, 213 mule deer, 3,625 fallow deer, 59 big horn sheep, eight caribou and 177 reindeer. Distributed 3,886 ear tags directly and 11,181 ear tags indirectly, through the Saskatchewan Elk Breeders Association (SEBA), to the game farm industry. The tags and records minimize the potential for:
  - the illegal harvest of Crown wildlife to stock game farms;
  - the spread of disease through interaction between farm-raised stock and native wildlife populations; and
  - the competition for habitat by escaped farm-raised stock with native wildlife populations.
- Issued 24 import permits for 256 live game farm animals, consisting of 126 white-tailed deer, 110 elk, 16 big horn sheep and four reindeer; 1,005 straws of semen were imported on 94 permits.
- Two export permits were issued for 26 live white-tailed deer and one export permit was issued for 300 straws of semen.
- Provided regulatory support to 15 fur farms by licensing and inspecting farm facilities and ensuring proper animal welfare of farmed species.

Intensive Livestock Operations

During the 2001-02 fiscal year, the department:

- Approved 60 Intensive Livestock Operations (ILOs) representing $92 million in capital value.
- Approvals included the construction of a solid manure based hog barn.
- Monitored water quality at and near intensive livestock operations completing the fourth year of sampling. The monitoring program has shown no measurable impacts to surface water from adjacent manure spreading practices.
- Developed a re-inspection policy for ILOs.
- Investigated intensive livestock water pollution inquiries to ensure pollution was not occurring, that problems were corrected and operational compliance with legislation was being followed.
- Developed a *Spill Report* reference card for ILO operators and custom manure applicators to ensure manure spills are properly reported.
- Initiated review of the *Agricultural Operations Regulations* to identify if changes should be implemented (entering fifth year after proclamation of the act and regulations).
- Continued water quality monitoring of the watercourses with manure spreading areas on land adjacent to the watercourse.
- Continued required monitoring of selected ILOs to obtain background data and to ensure water resources are protected.
- Provided technical and administrative support to the Spirit Creek Watershed Monitoring Committee, which initiated a soil monitoring program and an odour-monitoring program for three hog barns located near Rama. The committee also initiated the development of a Web site to aid in the dissemination of information.
- Staff developed two new fact sheets; one on locating manure stockpiles, and the other on hiring a consulting engineer. Also completed a fact sheet titled: *Impact of Swine Manure Fertilizer on Soil, Water and Human Health.*
- The tri-provincial documents on site characterization and engineering standards were circulated for consultation. Consultation is complete and the documents are being edited for publication.
- Provided training to ILO staff on proper collection and handling of water samples.
- Participated as the Saskatchewan Government representative in a national initiative to develop environmental standards for the pork industry that will be certified through the Canadian Standards Association.
- Led a tri-provincial initiative to create the Manure Management Stewardship Curriculum (for delivery in July 2002).
- Helped to initiate a departmental beef disease working group to look at Johne's Disease as well as other production-limiting diseases.
- Participated in the CFIA initiative to develop Cronic Wasting Disease (CWD) sentinel farms in Saskatchewan.
- Participated in the development of a draft protocol on biosecurity for livestock inspectors.
- Participated in the development of the Canadian Cattle Identification Program and led the provincial communications initiative.

Agricultural Operation Review Board
Agricultural Operations Review Board held four hearings during 2001-02. The Board decisions were in favour of the proponent twice and in favour of the complainant twice. Three of the applications for determination were about odour from manure spreading and one was about flies from a stockpile site. Applications for determination were against one poultry operation, one dairy operation, one beef operation and one hog operation.

The Agricultural Operations Review Board received an additional 24 informal inquiries.

Livestock Loan Guarantee Program
The Livestock Loan Guarantee (LLG) Program assists Saskatchewan residents to establish production associations and to borrow funds on the strength of a government guarantee to the lender and the association's assurance fund. The funds are used by the association to purchase cattle, sheep and feeder bison.

Program statistics:

	00/01	01/02
Number of cattle associations	128	124
Number of members	6,600	6,139
Loan Guarantees (cattle)	$32.27M	$30.18M
Feeder Cattle purchased (head)	136,800	120,315
Value of Feeder Cattle purchased	$121.8M	$94.3M
Breeder Cattle purchased (head)	30,700	27,217
Value of Breeder Cattle purchased	$35.7M	$31.4M
Feeder Bison purchased (head)	830	295
Value of Feeder Bison purchased	$811K	$266K
Breeder Sheep purchased (head)	1,617	1,225
Value of Breeder Sheep purchased	$226K	$162.1K

*In 2001-02, four associations were cancelled after loans were repaid.

Short Term Hog Loan Program
The Short Term Hog Loan Program was announced in December 1998, to assist hog producers in offsetting operating losses due to a severe reduction in hog prices. The program disbursed a total of $11.4 million up to May 29, 1999, based on approximately 417,000 hogs and 36,000 weanlings to 221 active hog producers.

Repayments on all loans commenced April 1, 2000 and are to be repaid in full by March 31, 2003.

As of March 31, 2002 the outstanding loans were as follows:

Mature Loans	100 accounts	$1,302,694
Weanling Loans	22 accounts	64,308
Totals	122 accounts	$1,367,002

Agricultural Credit Corporation of Saskatchewan (ACS)
The Corporation continued to focus on reducing the outstanding portfolio. Since the wind-up was announced in March 1996, the portfolio has been reduced from $382 million to $71.8 million at March 31, 2002. During this fiscal year, the portfolio was reduced by $18.2 million. For 2001-02, ACS had a target to resolve 330 loans that were more than 400 days delinquent. ACS was successful in resolving 457 of these loans.

In addition to resolving ACS accounts, SAF also does collections on behalf of other agencies such as Saskatchewan Crop Insurance Corporation. During 2001-02, SAF was able to resolve 118 SCIC accounts, involving $654,000 for SCIC.

The outstanding ACS loans are on repayment terms that, for the most part, mature between 2002 and 2015.

The Canada-Saskatchewan Livestock Farm Water Program
The Canada-Saskatchewan Livestock Farm Water Program (CSLFWP) was a federal-provincial initiative aimed at providing financial assistance to rural residents to develop water supplies for livestock purposes during the winter of 2001.

Typical activities assisted under this program included but were not limited to the development of water supply infrastructure such as wells, dugouts, small dams and shallow bury pasture pipelines. Eligible projects qualified for financial contributions of one-third (1/3) of eligible costs to a maximum level of assistance of $4,000 per project.

The total number of projects applied for under the program was 3,615. There were 1,676 projects approved for a total funding of $2,499,306.57 or an average of $1,491 per project. Approximately 50 per cent of the projects approved are dugouts, 40 per cent are wells, and 10 per cent are other projects such as pipelines or spring developments.

Livestock Inspection
The Livestock Services Revolving Fund was established on June 26, 1996, pursuant to Section 17.1 of *The Department of Agriculture and Food Act*. The revolving fund's purpose is to operate the brand inspection program, the livestock inspection program, the dealer licensing program and collection services for the Horned Cattle Fund and Cattle Marketing Deductions Fund. Activities in 2001-02 included:

- Provided livestock inspection services at 40 auction markets, 21 feedlots, one major packing plant, and six abattoirs to confirm ownership of livestock being sold.
- Inspected 1,675,143 animals on 154,387 manifests. Entered this data into the Livestock Information Management System, along with 105,575 Saskatchewan animals on 5,762 manifests that went to Alberta.
- Provided documentation of livestock movement on 57,222 permits.
- Provided inspection services to perform physical inventories on game farms.
- Provided inspection services to perform audits on 46 farms belonging to feeder and breeder associations in the Livestock Loan Guarantee Program.
- Conducted 202 computer system searches for 781 head of missing livestock.
- Collected livestock inspection fees, cattle marketing deductions (check-off) and penalties for marketing animals with horns.
- Issued $109,723 in provincial cattle check-off refunds to 630 producers for 2001.
- Renewed 3,788 four-year livestock brand registrations, issued 643 registrations for new four-year brands, registered 291 lifetime brands and transferred 258 brands. Maintained the provincial brand registry of 19,660 registered brands.
- Issued 218 Livestock Dealer licences and verified their bonds and issued 264 Agent licences. Handled four dealer bond claims, with one being resolved.
- Completed voluntary agreements with 15 un-inspected abattoirs that submit manifests for livestock delivered for slaughter and paid them $2,592 for collecting and submitting manifests.
- Implemented a livestock inspection fee increase from $1.50 to $1.65 to ensure the continuing effective operation of inspection services to protect ownership of livestock.

Saskatchewan Beef Development Fund (BDF)
The BDF was established in 1994 to administer the Beef Development Plan and use funds from two sources: the fund which remained following the termination of the National Tripartite Stabilization Program and the surplus from the Saskatchewan Beef Stabilization Board marketing account. The fund is administered by the Saskatchewan Beef Development Board, composed of six members appointed by the Minister of Agriculture and Food.

In 2001-02, the BDF provided support of $158,437 for 14 research projects related to the beef industry structure, cattle production, nutrition, breeding, disease control and beef processing.

Horned Cattle Fund (HCF)
The HCF was established in 1939, at the request of the industry, to encourage producers to dehorn their cattle. Since 1952, $2 has been collected from the purchase price of every horned animal sold in Saskatchewan. Over the past 35 years, the percentage of horned cattle sold in the province has fallen from 20 per cent to less than 10 per cent. SAF collects the money through its livestock inspection system. The fund supports research in bovine health and management techniques as well as agricultural societies and exhibitions.

The fund is managed by the HCF Committee composed of representatives of the cattle industry appointed by the Minister. In 2001-02, the HCF collected $130,975 in deductions and $6,561 in interest. The fund supports cattle production research and product development and market promotion. In 2001-02, HCF provided support of $75,000 for four projects.

Cattle Marketing Deductions Fund (CMDF)
The CMDF was established in 1970 to promote the growth of the beef sector through research, promotion and market development activities. The fund is self-supporting via a "mandatory-refundable" check-off of $1 per head collected at the time of sale. Cattle producers who do not wish to participate in the fund can request a refund of the previous year's deductions by January 31. SAF collects the check-off through its livestock inspection system.

Beginning in August 1998, the fund began an additional $1 per head mandatory non-refundable check-off. This check-off is collected and placed in a National Account to be used to support promotion and research taking place at the national level.

The CMDF is managed by the CMDF Committee composed of representatives of the cattle industry who are appointed by the Minister of Agriculture and Food. For 2001-02, the fund collected $1,477,287 in check-offs and $114,621 in interest. The fund supports cattle production, promotion and development activities. In 2001-02, CMDF provided $818,150 to support 18 projects.

Ethanol Grant Program (EGP)
Under the EGP, ethanol produced in Saskatchewan and blended with gasoline sold in Saskatchewan is rebated the 15 cents a litre provincial fuel tax. Payments are set-up on a quarterly basis. Two payments have been issued for the 2001-02 fiscal year totalling $58,485.

Client Service
During the 2001-02 fiscal year, Extension Service staff:

- handled 179,926 telephone and 71,599 office contacts,
- made 23, 651 field contacts and 3,032 farm calls
- organized and/or resourced over 1,650 events which attracted approximately 17,700 participants
- did 142 television and 794 radio programs and interviews
- created 1,404 newspaper articles, and
- created 528 newsletters and notices with 866,062 copies distributed

Crop Protection Laboratory
SAF's Crop Protection Laboratory offers a wide range of diagnostic services to assist in the identification of pest problems associated with the production of field, horticultural and greenhouse crops.

The Crop Protection Laboratory diagnosed 1,244 submissions in 2001-02: weed 70, insect 43, plant disease 427, Dutch elm disease 418, herbicide resistance screening 114, and American Foulbrood 172. The latter relates to a cooperative program with the Saskatchewan Beekeepers Association to test for antibiotic resistant American Foulbrood (*Paenibacillus larvae ss. Larvae).*

The Crop Protection Laboratory also successfully over-wintered *Omphalapion hookeri* (i.e.scentless chamomile weevils), a biocontrol agent that is used to help in the control efforts against scentless chamomile. The lab also houses the late blight of potato monitoring program, the Dutch elm disease hot line and diagnostic service and the bertha armyworm monitoring program.

The appropriate equipment was ordered and training undertaken to provide the Crop Protection Laboratory with the capability to screen strawberry crowns for nematode species. This will allow Saskatchewan producers to sell strawberry crowns into the California market.

Agricultural Implements Board (AIB)
Administration of the Agricultural Implements Board was transferred from Justice to SAF. During 2001-02:

- 429 dealers were licensed, 119 distributors registered, 228 manufactures identified.
- Legislative review of *The Agricultural Implements Act* was started.
- A database for the Agricultural Implements Dealer Licensing and Distributor Registration was developed, as well as a procedure manual.
- One hearing was held, complainant was compensated from the compensation fund that is established.

Crop, Insect, and Disease Surveys and Control
Staff were involved in organizing and conducting numerous surveys to assist landowners and rural municipalities in identifying and handling problem weeds and pests, including clover cutworm, cereal leaf diseases, canola diseases, lygus bugs, wheat midge, grasshoppers, stubble soil moisture, fusarium and Richardson's Ground Squirrels.

Activities during the year included:

- SAF successfully applied and received two emergency registrations for the use of a strychnine concentrate for the control of Richardson's Ground Squirrels.
- Applied and obtained the emergency registration of Folicur fungicide for the control of fusarium head blight in spring wheat and of Quadris fungicide for the control of ascochyta blight of chickpea.
- Established a provincial pulse disease committee to help Chickpea producers acquire information on best management practices and to develop a unified voice for the industry.
- Co-ordinated the 2001 insect surveys (Bertha armyworm, Lygus, grasshopper and wheat midge) including interpretation, publication and distribution of survey results. The Bertha

armyworm survey results are updated weekly during the growing season.

- Co-ordinated the 2001 plant disease surveys (canola, cereal leaf disease, and fusarium head blight) summarized and published the results. The fusarium head blight survey provides information to producers, industry, government and scientists as to the prevalence and severity of the disease within the province. This information is used in conjunction with ADF-funded projects to develop disease control recommendations for cereal producers.
- In conjunction with the Saskatchewan Seed Potato Growers Association, SAF coordinated a seed potato disease control program, supported by the Agri-Food Innovation Fund. Weather monitoring stations were placed in the seed potato fields, which became part of a provincial monitoring program. Weather data was collected and the information was used to predict the outbreak of Late Blight in the potato crop. This type of program allows Saskatchewan seed potato producers to have the best record for disease free seed anywhere in North America, which has opened up markets in Prince Edward Island, the United States, and Mexico.
- Organized an aphid monitoring program for the potato industry.
- Operated the Bee Laboratory in Prince Albert to analyze bee samples for infestations of tracheal mites. Approximately 1700 samples were analyzed for Saskatchewan beekeepers. Staff also inspected beehives to monitor for the presence of American foulbrood.
- SAF, through the co-operation of representatives in Montana State Lands, initiated a program of importing and releasing Leafy Spurge beetles on Crown lands. A total of 240,000 beetles on four expanded sites were released in the Manitou Sand Hills.

Crop Publications

SAF monitors research programs and develops technical information for use by producers in both print and electronic versions, in order to provide up-to-date information on pest management, plant disease control, weed control, insect control, soil management, as well as help improve crop production and to assist in the adoption of new crops. During 2001-02, 25 fact sheets were either developed, updated or reprinted including:

- *Guide to Crop Protection 2002*
- *Ascochyta Blight of Chickpea*
- *Wheat Midge*
- *Guidelines for SAF Rates of Fertilizer Applied with the Seed*
- 2002 grasshopper and wheat midge forecast maps
- Bertha armyworm risk map
- *Organic Production - Planning Through Transition*
- *Organic Farming – An Introduction to Crop and Livestock Production*
- *An Introductory Guide to Herb Production in Saskatchewan*
- *Saskatchewan Special Crop Marketing Company Synopsis, 2002*
- *Fertilizing Forages*
- *Varieties of Grain Crops*

Western Canada Working Group on Environmentally Sustainable Agriculture

SAF participates in sustainable agriculture initiatives with the Prairie Farm Rehabilitation Administration (PFRA), as well as other western Provincial Departments of Agriculture. Semi-annual meetings and tours provide a valuable forum for sharing information. In 2001, the meetings were held in Victoria and Guelph and focused on the issue of environmental farm planning.

Saskatchewan Biodiversity Action Plan

SAF has actively participated in this SERM led initiative to identify provincial government strategies to achieve long-term conservation and sustainable management of Saskatchewan's rich biodiversity resources.

Greenprint for Energy Conservation

SAF participated in the provincial Greenprint initiative to identify practical measures to promote energy conservation across Saskatchewan.

SAF also continued to monitor developments provincially and nationally on this complex issue. Staff participated in regular stakeholder and interdepartmental meetings and in climate change policy processes. A number of research projects were funded to better understand agricultural impacts and opportunities. A new provincial website was created titled, *Climate Change Saskatchewan*, with SAF providing the agricultural component.

SAF Environmental Strategy Development
In fall 2001, SAF began a process to review and update its agricultural environmental strategy. While the department has been active in environmental programming, it was recognized that an updated strategy, with input from producer associations, environmental groups and other agencies would be valuable for planning, for protection of natural resources, for communicating and for product marketing. SAF led teams began the process by looking at current agricultural management practices for: a) riparian management and protection of surface and ground water; b) manure and nutrient management planning; c) soil management; d) grazing/ ecosystem management; e) crop residue management; f) integrated pest management; g) on-farm planning for environmental stewardship; and h) agricultural waste management. This process will continue with additional input and consultations associated with development of the national Agriculture Policy Framework (APF).

SAF also undertook a number of additional activities related to environmental sustainability during
2001-02. These activities included:

- Increasing the number of sites audited for land use and monitored for land health. Over time, cumulative results of the monitoring program will begin to allow measurement of range health over an extensive acreage of Crown land.
- Completed a joint evaluation, with Ducks Unlimited Canada, of the land health in the Ponass Lake complex. Following this, meetings were held to gather information from associated Crown leaseholders on their use of the land, and to advise producers of management tools or practices they could consider to improve land health.
- Continued to work on development of environmental strategies for agriculture in the areas of soil management and integrated pest management.
- Co-ordinated the data collection and development of the spring and fall stubble subsoil moisture maps.
- Increased soil conservation practices and awareness in partnership with the Saskatchewan Soil Conservation Association and other conservation associations.
- Participated in climate change strategy development and related soil issues including carbon sinks.
- Funding was obtained from the Federal CARDS initiative to conduct survey on environment stewardship, plus conduct on farm demonstrations and extension meetings on environmental awareness.

Crop Residue Burning Program
SAF continued on from the earlier pilot programs in Regina and Yorkton regions promoting a broad awareness of health and safety issues related to crop residue burning.

The program has included a variety of extension efforts via print and electronic media and improvements to the program website. A daily ventilation index forecast was provided on the website along with beneficial management practices for handling surplus crop residues. With the very dry conditions during 2001, safety risk from wildfires became a major concern.

The Conservation Cover Program
The Conservation Cover Program (CCP) provided funds to producers planning to convert land from annual crop production to perennial cover. In 2001, the program offered producers an acreage payment of $15 per acre up to a maximum of 50 acres or $750. For the 2001-02 fiscal year, the program paid over $7.6 million to approximately 11,000 applicants to convert land to perennial cover. Acreage payments were made on over 500,000 eligible acres and applicants seeded an additional 150,000 acres to permanent cover over and above the area for which the grant was paid. The program is in effect from 2001-04.

Pest Control
During 2001-02, SAF staff undertook a number of actions regarding pest control and regulations:

- Issued 1797 pesticide applicator, 402 service and 579 vendor licenses.
- The Pesticide Investigator handled 40 public complaints related to the improper use of pesticides.

SAF staff also provided expertise in support of the administration of legislation for the use, handling, and distribution of pesticides within the province. During 2001-02, staff:

- Assisted in preparation of submissions under the Minor Use Program for registration of crop protection products and in requests for emergency registrations of pest control products. Minor use applications were made and/or registrations were obtained on crops such as

Saskatoon berry, chickpea, choke cherry and canary seed to control pests of these crops.
- Increased the profile of Integrated Pest Management (IPM) practices in Saskatchewan and the development and dedication of resources to IPM including the staffing of an IPM technician position and the management of programs such as the provincial pesticide sales database.
- In cooperation with the Canadian Food Inspection Agency, ensured that fertilizer products sold and used in Saskatchewan are registered under *The Fertilizers Act.*

Saskatchewan Pesticide Return Program
This successful three-year program was completed in October 2001, with a three-day blitz at collection points in the northern agricultural region of the province. Over the three years, a total of 160 tonnes of unwanted or obsolete agricultural herbicides, insecticides, fungicides, and rodenticides were collected at no cost to farmers and safely disposed of in an environmentally friendly manner. The program was delivered through an excellent working relationship among Crop Life Canada, SAF, Agriculture and Agri-Food Canada, the Saskatchewan Waste Reduction Council, and SERM. As well, almost 200 agricultural retailers provided their facilities as collection points at no cost.

Organic Farming
Interest in organic farming continues to increase. A growing number of producers are looking at this as a viable means of diversifying and increasing the value of their production. As a means of encouraging the growth and development of the organic industry in Saskatchewan, SAF provided $500,000 to the University of Saskatchewan for a Marketing Analysis to support the organic industry.

Examples of other activities undertaken by the department to assist the organic industry included:
- Organization and delivery of organic conferences and meetings throughout Saskatchewan.
- Worked with the Organic Crop Improvement Association (OCIA) in certification and audit committee meetings and assisted in the organization of OCIA's International Annual Meeting in Moose Jaw.
- Provided an organic update for 40 northern organic producers in partnership with the Canadian Wheat Board.
- Resourced an organic marketing seminar at the College of Agriculture, University of Saskatchewan, and over the course of the year provided information on organic production and regulations to the college and several organic groups and individuals across the province.
- An organic feed market assessment study was completed in the summer of 2001. This study assessed the market potential for organic animal feed products in the US and EU. The assessment will help Saskatchewan organic producers and processors to determine if there is a market opportunity for organic feed products.

Working with Crop Producers and Agri-businesses
SAF is committed to the development of a strong agri-business sector in Saskatchewan. The department has increased both the analysis and promotion of agri-business opportunities in the province. Activities undertaken during 2001-02 include:
- The department, in conjunction with the Saskatchewan Pulse Growers Association, organized a Pulse Crop Processors Workshop to provide information on processing technologies and opportunities. Eighty pulse producers/processors representing 40 companies were updated on plant design and renovation, cleaning equipment, grading, transportation, containerization, seed treatments, and development of pulse foods.
- Assisted with investigations on ethanol production facilities, with or without an associated feedlot for an ethanol project and specialty malt plant proposed by Iogen.
- SAF staff organized and chaired the Provincial Oilseed Extension committee. This committee is comprised of industry, governments and grower organizations involved in oilseed research and production. The objective is to keep all parties informed of current research, research priorities and to coordinate extension events across the province.
- Worked with a consultant to develop a report entitled *Impediments to Growth of the Agricultural Value-Added Sector in Saskatchewan.*
- Performed an analysis of the CWB value-added policy, and developed a paper on the benefits of the CWB to our value-added processing industry.
- Worked with Western Pasta Growers and Prairie Pasta producers in their pursuit of a pasta processing facility in Saskatchewan.
- SAF led a technical mission to the Worldwide

Food Expo in Chicago in October 2001. Six meat processing companies participated in this mission which introduced them to recent innovations in processing and packaging equipment through their attendance at the trade show and seminars.

- SAF continues to provide technical support to product development activities at the Food Centre. Eight Saskatchewan food processing companies were assisted with the development of 22 new products.
- SAF provided food processors with a study entitled, *Cost of Investment for Food Processing Facilities*, contracted to Norrie Engineering (Toronto, ON).
- SAF continued publication of *SASK Food News* with four new issues published in 2001-02.
- SAF has developed booklets entitled *Sources of Government Funding for Agri-business*, which lists the sources of funding from bank loans to potential venture capital and *Business Development Guide for New or Expanding Agri-Businesses*, which provides a general description of the steps to follow in developing or expanding an agri-business.

Department Publications

SAF's publication *Agri-View* was published 10 times during the year as a supplement inserted in *The Western Producer*, which is distributed to over 45,000 Saskatchewan subscribers. *Agri-View* focuses on recent happenings and initiatives of interest to the agriculture and food industry, and outlines the government's agricultural policies and programs.

AgBits is a bi-weekly publication produced by SAF and distributed to over 800 people and agencies, including MLAs, media, government departments and the public.

The *Farm and Food Report* was produced 49 times during the year. Each issue is a collection of five agriculture and food related stories, which are distributed to all provincial media on a weekly basis. The SAF *Annual Report* is distributed to industry organizations to highlight the official record of the department's activities. Other annual reports are prepared and tabled in Saskatchewan's Legislative Assembly (see Appendix A) before being made available to the public.

The department publishes numerous brochures, fact sheets and technical bulletins on different aspects of the agriculture and food industry.

Internet Publications: *AgBits*, *Farm and Food Report*, *Agri-View*, the weekly *Crop Report* and many other department publications are available on the SAF web site.

Statistical Publications

SAF meets the demand for Statistics Canada information and information pertaining to Saskatchewan agriculture through publications such as: the annual *Agricultural Statistics Handbook*, the annual *Agricultural Statistics Fact Sheet*, *StatFacts*, and *Market Trends*.

The department also publishes the information obtained through our own data collection programs including: the *Crop Report*, *Specialty Crop Report*, *Cattle Marketing Report*, *Feed Grain and Forage Listing Service*, *Farm Input Price Survey* and the *Stubble Subsoil Moisture Survey*.

Aquaculture

SAF and Saskatchewan Environment and Resource Management (SERM) continued to work on developing a provincial aquaculture policy that will establish a foundation for industry growth while ensuring environmental production.

Prairie Agricultural Machinery Institute (PAMI) Support

SAF provided annual core funding of $768,000 for the 2001-02 fiscal year to PAMI to carry out research, development, evaluation, and extension activities to improve agricultural machinery, agriculture processing equipment, and related electronic equipment.

Assistance to General Agricultural Interests

SAF provides for financial assistance and support to various organizations that facilitate the development, expansion and diversification of the agricultural industry. The following list identifies organizations that received assistance of $5,000 or more in 2001-02.

- Agriculture Development and Diversification (ADD) Boards - $505,805 in grants were provided in relation to the fieldworker program, which provides funding for co-coordinated pest control programs, with the largest being rat eradication.
- Agribiz - $50,000 to sponsor the development of television episodes of the Saskatchewan agriculture and food industry.
- Agriculture in the Classroom Program - $50,000 grant for administration to assist with use of the

Green Certificate Program as the on-farm training part of the curriculum. Students can earn a total of three credits towards a high school diploma.

- Canadian Agri-Food Research Council - $11,500 to sponsor the Knowledge Transfer Workshop and to sponsor a national meeting on science pathology, detection, control and the impacts of these on producers and markets.
- Canadian Phytopathological Society - $5,000 to assist with the publication of *Diseases of Field Crops in Western Canada*.
- Canada Pork International - $10,000 for a CPI membership.
- Canadian Western Agribition - $35,000 including sponsorship of the Taste of Saskatchewan Program and hosting the Saskatchewan Day at the International Business Centre.
- Centre for Agricultural Medicine - $100,000 grant to assist in the expansion of extension programming.
- Crown land leaseholders - $81,665 was provided in compensation for the disturbance and loss of production that oil and gas easements and drilling caused on Crown land.
- District #32 ADD Board - $125,000 grant to assist in the co-coordinated control of black flies in the Prince Albert region.
- Districts #4, 5, and 10 ADD Boards - $7,516 towards the sponsorship of agricultural extension programs.
- Farm Animal Council of Saskatchewan - $35,000 to sponsor the development of a series of animal care awards for university students to raise awareness about issues regarding the livestock industry and animal care.
- Prairie Conservation Action Plan - $10,000 to support the implementation of the plan for a healthy native prairie ecosystem.
- Prairie Farm Rehabilitation Administration - $1,500,000 in support of the Canada-Saskatchewan Livestock Farm Water Program initiative to increase farm livestock water supplies in drought stricken areas of Saskatchewan.
- Provincial 4-H Program - $300,000 administration grant. SAF also provides significant in-kind support, such as office space and equipment.
- Royal Red Arabian Horse Show – the Canadian National Arabian and Half Arabian Championship Horse Show - $10,000 to assist in hosting this prestigious event in Regina.
- Saskatchewan Agriculture Hall of Fame - $5,800 grant. The Hall of Fame plays an important role in our industry, honouring those who have made a substantial contribution to agriculture.
- Saskatchewan Agrivision Corporation - $5,000 grant to assist with the costs of T*he Real World of Ethanol* conference and the livestock development reception at the Saskatchewan Association of Rural Municipalities (SARM) semi-annual meeting in November 2001.
- Saskatchewan Bison Association - $13,500 grant to supplement the costs of activities related to developing the bison industry in the province.
- Saskatchewan Bounty - $27,900 to assist in the creation of a recipe book that promotes the diversity and goodness of Saskatchewan's food production.
- Saskatchewan Council for Community Development - $10,000 administration grant. This organization works towards developing a vibrant social environment, optimal economic support, and an enriched quality of life for Saskatchewan residents.
- Saskatchewan Elk Breeders Association - $30,290 to sponsor a number of initiatives including a trade mission to Korea and New Zealand, and the sponsorship of an ear-tagging program.
- Saskatchewan Food Processors Association - $50,000 operating grant to assist the association in encouraging the growth of the Saskatchewan food and beverage industry through the promotion of "SASKATCHEWAN MADE" products in and beyond the province.
- Saskatchewan Herb and Spice Association - $30,000 to sponsor a project to develop the herb and spice industry in Saskatchewan, including developing national industry standards.
- Saskatchewan Meat Processors Association - $6,500 grant to assist in the publication of its magazine.
- Saskatchewan Sheep Development Board - $250,000 was provided to assist with the livestock predation intervention project and to support the Board's strategy to grow, develop and add value to the sheep industry in Saskatchewan.
- Saskatchewan Stock Growers Association - $10,000 annual administration grant. SAF also provided the Saskatchewan Stock Growers Association with sponsorship funds of $4,000 towards its 2002 annual meeting in Moose Jaw and the western grazing conference held in Saskatoon on December 5-7, 2001.
- Saskatchewan Veterinary Medical Association -

$50,000 to sponsor a mentorship program to encourage veterinary students to practice in Saskatchewan.
- The Saskatchewan Institute of Agrologists - $15,500 grant for sponsorship of the annual national conference.
- Seager Wheeler Foundation - $6,119 to sponsor agricultural extension events.
- Southwest Sheep Grazers Co-op - $8,057 operating grant.
- University of Saskatchewan - $10,000 grant to operate a horticultural hotline in the area of non-commercial horticulture.

Goal Two:

Strong and resourceful agricultural people and families.

Agricultural Training Programs
Department staff organized and resourced over 200 information or producer training events during the past year, many in conjunction or partnership with other agricultural organizations. These events attracted over 17,740 participants and included planning and organizing events such as:
- The Green Certificate training program for dairy, cow-calf, feedlot, sheep and field crop production, and aerial application.
- The Western Canadian Feedlot School and the Western Beef Development Centre Cow-Calf Management School.
- The *Land Use Planner* and the *Fixed Cost Planner* software programs were promoted and used extensively in 2001-02. Extension agrologists provided training on how to use them through co-operative arrangements with the regional colleges.
- CSRs in the Southwest organized a series of five agricultural seminars for farm women entitled *Juggling Your Options*, attracting in excess of 100 people. Topics included exploring opportunities on the farm, goals and objectives of farm management, skills and interests related to career planning, and balancing work and life.
- Land rental arrangements were a major issue for producers during the past year. Agrologists spent considerable time in one-on-one discussions with producers as to the type of lease arrangement that was appropriate and how to determine rents that were fair to both parties.
- Work continued with the Southeast Rural Resource Committee. The Southeast Rural Resource Program is an example of local people and groups cooperatively working successfully together in their community. Committee members include agricultural producers, rural municipalities, Agriculture Development and Diversification Boards, church clergy, community health and mental health workers, the Southeast Community College, and local SAF agrologists. They had identified there was a need to provide some type of support to farm families facing low commodity prices or natural disasters and who are also trying to cope with rapid changes occurring in the agriculture industry. In addition to providing technical expertise, SAF has provided funding and in-kind services.
- Fruit tree pruning workshops were held at four locations in the North in 2001, providing an opportunity for producers to receive the latest 'hands-on' information of fruit tree management to maximize production.
- SAF staff co-chaired the *Profiting from Agriculture Change Conference - Finding Opportunity in Change*. There were 180 people in attendance for the two-day conference.
- SAF sponsored a *Rural Economic Opportunities Conference* held in Saskatoon, March 21 and 22, 2002. More than 300 participants from across the province learned about new opportunities in rural Saskatchewan, examined how to start up and operate a successful business, and had questions answered one-on-one by experienced rural business people.
- In 2000-01 the department initiated a new program entitled *Agricultural New Generation Co-operatives* (ANGen) program to provide opportunities for farmers to work together to develop businesses for producing value-added products from their primary production. This program provides assistance for setting up the cooperative, feasibility studies, business and marketing plans, preparation of a prospectus and pre-design of facilities. In 2001-02, three groups received funding in the amount of $92,000.

Farm Family Opportunities Initiative
The Government of Saskatchewan recognizes the importance of assisting the agricultural industry in diversification and value-added initiatives.The program has provisions to help farmers who want to remain on their farm and in rural Saskatchewan by

providing assistance to develop their skills or develop on-farm options. The program will be implemented during the 2002-03 fiscal year.

Action Committee on the Rural Economy (ACRE)

ACRE was formed in September 2000 by the Government of Saskatchewan to act as a catalyst for innovative ideas that address the challenges and opportunities facing rural Saskatchewan. Since its inception, this industry and citizen stakeholder committee has gathered information to develop a comprehensive long-term strategy for positive change and economic growth in our rural areas.

Eight subcommittees were organized in order to focus on specific issues. Five of the subcommittees – the Agriculture Sector, the Agri-value Sector, the Resource Sector, the Rural Manufacturing and Construction Sector, and the Rural Service Sector – were to cover essentially all of rural Saskatchewan's economic activity. The Farm Structure/Farm Income, and the Community in Evolution subcommittees were to look at the future of farms and communities in the province. Lastly, the Tools for Rural Economic Development was to focus on what kinds of programs and policies can build on the needs of all aspects of rural Saskatchewan.

Four of the five economic sector subcommittees submitted their final reports in June 2001, while the other three subcommittees and the Agriculture Sector subcommittee presented their final reports in October 2001.

During the latter stages of their work, ACRE felt that three issues, transportation, grains and oilseeds sector and labour, needed further and more in-depth analysis. ACRE therefore established three more subcommittees to deal with these issues. These subcommittees will issue their final reports in 2002.

In November 2001, ACRE reviewed and approved over 40 priority recommendations. These priority recommendations were categorized into the following areas: Competitiveness, Skills Development, Infrastructure, Sector Specific, Facilitating Change, and Research and Development.

In February 2002, 12 public meetings were held across the province to report back to rural Saskatchewan on what ACRE had found through their work.

To date, the provincial government has responded to a number of ACRE recommendations including:

- Created the Prairie Ventures Fund;
- Increased access to Technology Enhanced Learning;
- Developed new materials to help streamline the regulatory process for the petroleum industry;
- Implemented Community Net;
- Implemented high-speed internet; and
- Expanded the Immigrant Provincial Nominee Program.

ACRE's Final Report will be released to the public in April 2002.

Farm Stress Unit

The mission of the Farm Stress Unit is "To provide confidential peer counselling information, support and referral services responding to the needs of farm and agriculturally related people who are experiencing social, emotional, physical safety, and financial difficulty - in a constantly changing environment."

Consistent with the Mission statement, the Farm Stress Unit operates the Farm Stress Line. The Farm Stress Unit toll free line received 1,441 calls in calendar year (January 1 to December 31, 2001). This was a slight decrease from the previous calendar year.

In addition to the Line, the unit manages *Connections* (formerly the Saskatchewan Human Services Directory), a directory of business and human services for Saskatchewan. The unit also has a letter of understanding with the Saskatchewan Council of Senior Federal Officials Secretariat, which allows sharing of information between the *Connections* directory and the *Aboriginal Services Kiosk* (ASK) directory. In 2001, the ASK Directory received a federal Treasury Board Silver Medallist Award for excellence in Public Sector Management of Information and Technology.

The unit continues to produce and distribute the *Farming in Difficult Times* kits. These kits contain a wide range of information that allows farm people to respond to the various challenges that they are facing. The kit includes information on human dimensions of agriculture as well as information on farm financial matters.

The Farm Stress Unit recognizes the importance of remaining connected with the farming community. The unit's Advisory Group is composed of representatives

of farm organizations and provides the unit with advice on priorities and serves to promote the Farm Stress Line services.

The unit also manages SAF's Inquiry Line. The Line responded to over 6,000 calls on the SAF Inquiry Line. These calls range across the entire spectrum of the agriculture sector.

Whitehorse Agreement - Agricultural Policy Framework
At their annual meeting in Whitehorse in June 2001, Federal-Provincial-Territorial Ministers of Agriculture signed an agreement in principle on an action plan to develop an Agricultural Policy Framework (APF) that would contribute to the sector's growth and profitability in the 21st century.

The APF is composed of five integrated elements - food safety and quality, environment, science and innovatioin, sector renewal, and business risk management - that will provide an integrated policy approach at branding Canada's industry as the world leader in food safety, innovation and environmental protection.

The action plan approved by the Ministers is designed to replace the current federal-provincial agreements on agricultural risk management that expire on March 31, 2003.

Safety Net Program Evaluation – the Farm Support Review Committee
The Federal-Provincial-Territorial Working Group on Safety Nets presented the Safety Net Evaluation Report to Agricultural Ministers in Toronto in January 2002. To ensure the views of Saskatchewan producers were made available to the federal government during this review, the Saskatchewan Farm Support Review Committee coordinated public consultations in Saskatchewan during the summer and fall of 2001.

The Committee's Report on Safety Net Consultations was provided to the Minister of Agriculture and Food at the end of the calendar year and publicly released in late January 2002. It contained 26 recommendations, the majority of which were specific to Crop Insurance, the Net Income Stabilization Account program and to the Canadian Farm Income Program. The report also included several general recommendations on safety net funding and farm support that were not specific to current programs.

Farm Income
The Minister of Agriculture and Food continued to make provincial representations on the farm income issue at several federal and provincial forums. As the impact of the 2001 drought became evident, these initiatives were expanded to include measures that would enhance the crop insurance program and address a number of impacts on the provincial livestock industry, including the taxation implications of herd dispersal and the need for funding to develop additional water supplies.

Initiatives included two presentations by the Minister to the House of Commons Standing Committee on Agriculture, which occurred in June 2001 and February 2002, and a presentation of possible future safety net programming to the Federal-Provincial-Territorial Ministers of Agriculture in January 2002. Efforts to obtain a trade injury payment to address the impact of United States and European Union trade distorting subsidies were ongoing as the fiscal year drew to a close.

Drought Activity
SAF led an interdepartmental committee in the development of a drought plan, which includes a compilation of all of the programs and activities of provincial and federal agencies. The drought plan indicates further work is needed to develop and test drought indicators for Saskatchewan.

SAF provided information to the federal government in the designation of areas under the Tax Deferral for the Drought Induced Sale of Livestock Program. This program allows producers in the designated areas to defer income tax in the event a cowherd has to be sold because of drought conditions. Due to the dry conditions experienced last summer, the initial and final designation of rural municipalities was completed earlier than usual.

Canadian Farm Income Program (CFIP)
The Canadian Farm Income Program (CFIP) was announced in July of 2000 as the "next generation in disaster assistance programming" by the federal government. CFIP is the successor to the Agricultural Income Disaster Assistance (AIDA) program and has only minor program differences. AIDA was a two-year program covering the 1998 and 1999 tax years. CFIP has funding budgeted for three years covering the 2000, 2001 and 2002 tax years. The federal government administers the program through the CFIP Administration in Winnipeg with a satellite processing office in Regina.

CFIP, like AIDA, is a whole farm income support program providing coverage to producers in the claim year for 70 percent of a previous three-year average gross margin. There were nominal changes in program design for CFIP that consisted of changing the inventory valuation price to the end of year price, elimination of negative margin coverage, and a receivables adjustment for pooled commodities. Other than these minor elements of change, CFIP is essentially the same program as AIDA.

Processing of claims during 2001, for the 2000 CFIP program, was markedly improved over processing of the AIDA program. Processing of AIDA claims was delayed due to late-hour changes to the program and computer systems. It appears the federal government has streamlined processing for the 2000 claim year. The majority of 2000 CFIP claims were processed by December 31, 2001.

Participation:
For the 2000 claim year, the CFIP Administration received applications from 17, 447 Saskatchewan producers. As of March 31, 2002, 17,150 claims had been processed which represents 98 per cent of claims received from Saskatchewan for the 2000 claim year. Of the claims processed for the 2000 claim year, 42 per cent (7,270) were eligible for payments (53 per cent of 1999 claims were eligible for payment and 40 per cent of 1998 claims were eligible for payment). The balance of the 9,880 claims for 2000 was not eligible for payment.

As of March 31, 2002, the 7,270 claims eligible for payment from Saskatchewan for the 2000 claim year received average payments of $13,412. Total payments to Saskatchewan producers for the 2000 claim year are thus just under $100 million. This compares to total claims for the 1999, claim year of $225 million (excluding negative margin payments) and claims for the 1998 claim year of $137 million (excluding negative margin payments).

Net Income Stabilization Account (NISA)
NISA is a cornerstone of the farm safety net package. NISA is designed to provide a mechanism for producers to save money during periods of prosperity for lower income periods in the future. Producers can contribute up to three per cent of their annual eligible net sales and have it matched by governments (two per cent federal and one per cent provincial). In addition, governments provide an interest rate bonus of three per cent over and above the rate paid by financial institutions on any money contributed by the producer to their NISA Account.

Participation:
During the 2000 stabilization year, there were 58,495 Saskatchewan participants in the NISA program. The account balance of Saskatchewan producers participating in NISA at March 31, 2002 totalled over $1.28 billion, an increase of less than one per cent over the previous year. The average individual account balance is approximately $21,900, which represents about 30 per cent of the gross sales of the average Saskatchewan farm. Participants in the program produce approximately 90 per cent of the eligible commodities produced in the province.

NISA Review
Federal and provincial government representatives as per instructions from agriculture ministers carried a review of the NISA program over 2000 and 2001. Results and findings of the review process were finalized, however, recommendations of the review were put on hold pending a comprehensive review of all safety net programs, which ministers subsequently agreed to.

Canada-Saskatchewan Assistance Program II (CSAP II)
On April 10, 2001, the federal and provincial governments announced they would provide $200 million to Saskatchewan farmers. The decoupled assistance payment was provided to assist producers dealing with farm income problems. The federal contribution was approximately $140 million and the provincial contribution, approximately $60 million.

SCIC successfully administered C-SAP II to over 50,600 farmers who received an average total payment of $3,950. To assist with seeding expenses, initial payments commenced in June 2001, based on 4.75 per cent of eligible sales to a maximum of $125,000. A final payment of 1.296 per cent of eligible sales was issued in August. Payments were targeted to farm operators.

Livestock and Horticultural Facilities Incentive Program
The Livestock and Horticultural Facilities Incentive Program provides an annual rebate of the Education and Health (E & H) tax paid on building materials used

in livestock operations, greenhouses, or vegetable and raw fruit storage facilities. The rebate program continues to promote the expansion and diversification of the agriculture sector. The program expires December 31, 2003.

During the 2001-02 fiscal year, the total number of applications received by the department and the total refund amount included the following:

Type of Application	# of Applications	Total Refunds
Hog	54	$964,682
Cattle	138	129,423
Dairy	38	279,043
Poultry	25	167,977
Bee	9	12,112
Other	26	15,501
Total	290	$1,568,738

The Farm Land Property Tax Rebate Program
This two-year program was in effect for the 2000 and 2001 tax years. The program provided for a rebate of 25 percent of the current school tax levy on all agricultural and grazing farmland, with the exception of the home quarter. Taxes must be paid on the home quarter plus qualifying land prior to being eligible for the rebate. Rebates were based on actual tax paid, net of any early payment discounts taken. Payments against tax arrears also apply as long as the amounts paid are equal to or greater than the current year's levy of municipal and education tax. The deadline to receive applications for both 2000 and 2001 tax years was February 15, 2002.

	2000	2001
Number of applications received	50,798	45,378
Number of applications paid to date	49,002	40,293
Total dollars paid to date	$22M	$21.4M
Average rebate paid	$449	$530

Saskatchewan Immigrant Nominee Program
SAF worked with the department of Intergovernmental and Aboriginal Affairs to develop and initiate the Farm Owner-Operator category of the Saskatchewan Immigrant Nominee Program.

Beginning in January 2002, foreign farmers are able to have Saskatchewan directly nominate them to the federal immigration process. This should reduce the time that new immigrant farmers spend in the queue for a visa and encourage more farmers to choose Saskatchewan when they immigrate.

Agroforestry Training
There are approximately 650,000 acres of privately owned forestland in northeast Saskatchewan. Currently very little of this is managed in any sustainable manner to return any revenue to the farm. SAF established an agroforestry opportunity team to explore the opportunities that exist in this area. As a result of producer interest in agroforestry in the northeast, and the department priority in this area, over the past two years a number of activities have taken place to develop this new area of opportunity. The production of short rotation woody crops such as hybrid poplar is now seen as an economic opportunity for farms.

A request for training in agroforestry was received by an Extension agrologist and it was determined that there was a lack of available agroforestry training. A committee was established with SAF, SERM, Cumberland Regional College, Sask. Institute of Applied Science and Technology, (SIAST), the Sask. Farm Woodlot Association, and the Parkland Agroforestry group. Funding was acquired to survey 90 landowners about the need for agroforestry training. As result of the survey, a proposal has been forwarded to the Forest Development Fund to develop Saskatchewan based training programs in the area of agroforestry.

Farmland Ownership
Farmland ownership provisions of *The Saskatchewan Farm Security Act* were reviewed. Views of various interest groups and stakeholders were taken into account respecting any proposed changes to the legislation.

Administrative Priority:

Saskatchewan Agriculture and Food, delivering effective and innovative public service, is a workplace of choice.

Enhancing Management Potential Program (EMPP)
This initiative was designed to strategically focus SAF's employee development efforts on ensuring we develop the leadership skills needed for the future. The program was designed to address demographic realities and future business needs. The foundation for the program is the competency framework for leadership positions within SAF. Employees within the department were asked to indicate their interest in the program. Fifty-two employees joined the program during 2001-02 and entered the assessment phase of the program. Development plans have been created for participants and each has been provided feedback on their readiness for positions of leadership. During the fiscal year, three participants were promoted to management positions and several other participants received developmental assignments.

Employment Equity
The department met and exceeded the qualitative goals described in the 2001-02, employment equity plan. In addition, the department participated in the Aboriginal Mentorship program by hiring a protégée.

Staff Training
Human Resources Branch was responsible for the delivery of 22 learning events in the department. These events ranged from human resource related topics to project management and career planning. Three hundred and sixty-nine employees (approximately 65 per cent) took 2,250 days of training, which is an average of 3.74 training days per employee. In addition, 23 employees took advantage of tuition and book re-imbursement to further their post-secondary education.

A Respecting Diversity session was developed to provide education and awareness to SAF managers and staff.

Office Facilities
A number of accommodation activities occurred throughout the year.

- The department relocated the Rural Service Centres in North Battleford and Swift Current into new space in the Kramer Place Building and the E. I. Wood Building, respectively.
- The Saskatoon Rural Service Centre was relocated into a new facility in January 2002. The new facility also consolidated the Financial Programs Branch into one location.
- Construction is under way for new Rural Service Centres in Meadow Lake and Moosomin.

Freedom of Information Requests
The department responded to 11 Freedom of Information (FOI) applications made to SAF.

Publications Client Survey
Clients on our numerous publication distribution lists were surveyed to determine whether they had access to the Internet, and whether they preferred to receive our publications electronically, rather than receiving a hardcopy. This survey has resulted in a significant reduction of our printing and mailing costs through the conversion of many distributions to an email format.

Public Awareness
The minister, deputy minister and staff have numerous speaking engagements and presentations at industry events to ensure the policies, programs and services of the department are highlighted and understood.

New announcements, media coverage and individual interviews are used extensively to explain new initiatives and directions, and to provide commentary on industry developments.

Staff attendance at annual meetings of farm organizations and industry groups help promote the partnership role of the department, particularly in industry development.

Membership in various agencies and institutions that serve agriculture is a key tool to promote the working relationships that can maximize the department's contribution to the industry.

Media Appearances
Staff contributed to the *Market Prospects* television series broadcast on CTV, providing an overview of the current state of agriculture in mid-winter, and more specific information regarding input prices, usage, and trends into the spring seeding period.

Trade Shows
SAF's display and promotional material are exhibited at a number of trade shows including the Canadian Western Agribition, Crop Production Show, Western Canada Farm Progress Show, and local fairs throughout the province.

Regulatory Reform Initiative
The Regulatory Reform Initiative is a government wide initiative introduced in 1996. The objectives of the initiative are:

- Reduce the number of regulations by 25 per cent by March 31, 2006.
- Review all of the regulations that existed at the start of the initiative and to maintain work plans to ensure that the review is complete by March 31, 2006.
- Continue a "zero-sum policy" to ensure no net increase in the numbers of regulations.
- Address regulatory red tape and paper burden concerns particularly where they affect the activities of small- and medium-based businesses.

The 2001-02 regulatory agenda included:

- *The Canada-Saskatchewan Adjustment Program Amendment Regulations, 2001* amended *The Canada-Saskatchewan Adjustment Program Amendment Regulations* to authorize the recalculation of benefits for new producers in 1998 and 1999 using their sales for the crop year rather than the taxation year.
- *The Canada-Saskatchewan Assistance Program (CSAP II) Regulations* provide contributions to grain, oilseed and specialty crop producers in Saskatchewan to assist them in dealing with the income problems experienced in the year 2000.
- *The Saskatchewan Flax Development Plan Amendment Regulations 2001* amended *The Saskatchewan Flax Development Plan Amendment Regulations* to introduce a more effective operational system that will allow the Saskatchewan Flax Development Commission to better attain its goals and manage its affairs.
- *The Agricultural Income Disaster Assistance Program Amendment Regulations, 2001,* amended *The Agricultural Income Disaster Assistance Program Regulations* to provide a mechanism for the program account to be used to hold funds for the administration of both the Agricultural Income Disaster Assistance (AIDA) Program and its successor, the Canadian Farm Income Program (CFIP).
- *The Conservation Cover Program Regulations* provide for a payment to farm operators (including Crown land lessees) that are converting agricultural lands, currently used in annual cropping, to a perennial cover.
- *The Big Game Damage Compensation Program Amendment Regulations, 2001* amended *The Big Game Damage Compensation Program Regulations* to provide a mechanism for the transfer of excess funds in the Big Game Damage Compensation Account to assist in the funding of the Canadian Farm Income Program (CFIP).
- *The Waterfowl Damage Compensation Program Amendment Regulations, 2001* amended *The Waterfowl Damage Compensation Program Regulations* to provide a mechanism for the transfer of excess funds in the Waterfowl Damage Compensation Account to assist in the funding of the Canadian Farm Income Program (CFIP).
- *The Animal Custom Care Amendment Regulations, 2001* amended *The Animal Custom Care Regulations, 1983* to clarify the means by which detained animals are to be sold; clarify how owners are to be notified; assure fair market value through public sale; and require holding and distribution of funds for a specified time period.
- *The Bison Feeder Associations Loan Guarantee Amendment Regulations, 2001* amended *The Bison Feeder Associations Loan Guarantee Regulations* to clarify the identification requirements for bison purchased by a feeder association and increase the maximum authorized loan amount for an association to $5 million.
- *The Cattle Breeder Associations Loan Guarantee Amendment Regulations, 2001,*amended *The Cattle Breeder Associations Loan Guarantee Regulations, 1991,* to increase the maximum authorized loan amount for an association to $5 million.
- *The Cattle Feeder Associations Loan Guarantee Amendment Regulations, 2001,* amended *The Cattle Feeder Associations Loan Guarantee Regulations, 1989,* to increase the maximum authorized loan amount for an association to $5 million and increase the loan term for feeder cows.
- *The Domestic Game Farm Animal Amendment Regulations, 2001* amended *The Domestic Game Farm Animal Regulations* to establish a mandatory Chronic Wasting Disease Surveillance Program.
- *The Bacterial Ring Rot Control Amendment Regulations, 2002* amended *The Bacterial Ring Rot Control Regulations* to clarify the minimum level of pedigreed seed that a potato grower is allowed to plant in Saskatchewan.

- *The Late Blight Control Regulations* allow for the enforcement of cull potato destruction to protect the health of seed, table and processing potatoes in Saskatchewan.
- *The Livestock Inspection and Transportation Amendment Regulations, 2002* amended *The Livestock Inspection and Transportation Regulations, 1978* to improve services under the livestock inspection program, including changes to the inspection fees.
- *The Crop Insurance Amendment Regulations, 2002* amended *The Crop Insurance Regulations* to facilitate the extension of the 2002 enrolment deadline for the crop insurance program until April 19, 2002. The amendments also allow for the delivery of a forage rainfall insurance program with a deadline of March 31, 2002 and the elimination of hail spot loss coverage and the variable price option under the program.

The Agri-Food Act
In 1998, the department and the provincial auditor established new reporting requirements for the agencies monitored under *The Agri-Food Act*. In 1998, the level of financial reporting was 48 per cent. That number had doubled to 96 per cent in 2001.

The Agri-Food Council brought all of the agencies under *The Agri-Food Act* together to discuss the importance of board governance and proper relations between the board and the CEO. The Council has future plans to work with the individual agencies to update their governance policies and help them develop the proper structures to ensure a strong, successful agency.

Strategic Planning
Participation in the strategic planning process, developing section/individual work plans, stressing the importance of accountability, and encouraging feedback from employees furthers the directions and goals of the department.

Program Reviews
SAF undertook a livestock services program review to provide an analysis of the effectiveness of various programs in meeting industry needs and to determine the efficiency of our delivery processes. The Livestock Services Review developed a strategy and realigned resources to ensure a focus on support to project development in the Saskatchewan livestock sector. This resulted in reallocated resources, a reorganization of branches, and the creation of the Livestock Development Branch.

SAF launched a final review and evaluation of the impacts to the agriculture and processing sectors of the Canada-Saskatchewan Agri-Food Innovation Fund. The final report is scheduled for 2002-03.

Expenditures
Financial Services processes all expenditure transactions of the department. In addition to data entry and filing, this includes ensuring proper coding of invoices, appropriate authorization, and that each invoice submitted is a proper charge in delivering a program. Financial Services ensures that SAF complies with *The Financial Administration Act, 1993* and the Government's Financial Administration Manual (FAM) for all expenditures it incurs. Any changes to government financial policy, FAM or the Government's Revenue and Expenditure processing system are communicated to the department through the Administrative Officers Committee.

In 2001-02, Financial Services processed 41,170 expenditure transactions totalling $400.4 million while meeting the Provincial Comptroller's expenditure processing targets for timeliness of payment to suppliers and error minimization.

Revenues
Financial Services processes all department revenue transactions. This includes verification, proper coding and depositing cash receipts on a daily basis. Revenue transactions totalling $46.0M were processed during 2001-02.

Purchasing
The central purchasing desk function was maintained through 2001-02. The Central Purchasing Desk procured $4.8M in goods and services in the fiscal year and operated in compliance with *The Purchasing Act*.

Sample Survey Unit
The department recognizes that for SAF to be successful, we must be able to gather information about our client base in order to better understand our client's needs and their current relationship with SAF. SAF established the Sample Survey Unit in Statistics Branch in order to provide survey information gathering expertise to SAF and to conduct surveys on behalf of the branches and agencies of SAF. The Statistics Branch maintains or has access to virtually every data file affecting Saskatchewan agriculture and is pursuing the development of a fully integrated database.

Geographic Information Systems (GIS)
The GIS Services include:

- GIS Mapping - creating maps using data from various sources as requested by clients; developing maps for delivery using Inter/ Intranet technologies.
- GIS Data Management - acquiring, developing and maintaining spatial data- sets (base maps); setting standards for mapping data; managing the distribution of the data to GIS users in the department.
- GIS Application and System Development - creating custom GIS applications and analysis tools.
- GIS Consulting - assisting clients to understand the benefits of GIS and develop their own GIS strategies; advising clients on how to ensure GIS compatibility in their business databases; promoting GIS uses and capabilities.
- GIS Training and Support - providing technical advice and support to GIS users; arranging training in GIS applications.

Business Improvement Services
Business Improvement Services (BIS) worked closely with Information Technology Services by providing the in-depth analysis of user needs and systems requirements used to develop or enhance databases and systems for clients. The following database and application projects were undertaken during the year:

- The Conservation Cover Program System and Database was created in order to administer the applications and payments due to the Conservation Cover Program participants.
- The Agricultural Implements Database was transitioned from the Department of Justice to SAF for administration by the Inspection and Regulatory Management Branch in order to maintain the information necessary for the licensing of agricultural implement dealers and distributors.
- Completed upgrades to the Agricultural Operations Database. This included refining the development of a project tracking database for Inspection and Regulatory Management Branch Intensive Livestock Operations (ILO) that included system testing, facilitated training sessions, and system installations and updates.
- The Game Farm Permits System was created in order to track the issuance of permits for the import and export of game farm animals and game farm animal products.
- The Game Farm Inspection Log was created in order to assist the department in tracking and resolving game farm related complaints.
- Completed the Business Case for the development of a Game Farm Database to allow for effective reporting and administration of the game farm industry in Saskatchewan, and for ensuring compliance to national requirements.

Policies and Procedures Manuals Project
In 1998-99, the department began an initiative to document policy and procedure manuals for Special Purpose Funds, Revolving Funds, and specific activities of the department. This project was led by Business Improvement Services and supported by Financial Services, which also provided a significant amount of the information contained in the manuals. Activity during the fiscal year included completion of the *Livestock Services Revolving Fund Policy* and *Procedure Manual.*

Use of Web Technology
To assist in the provision of information and promotion of programs, the following web site activity occurred during 2001-02:

- Enhanced staff Internet database search function to assist external clients and department staff in contacting the appropriate department personnel.
- Created new websites to promote the Conservation Cover Program, the 2002 Rural Economic Opportunities Conference, and the Agri-Food Council.
- Added new search capabilities for registered livestock brand owners and licensed game farm operators.
- Created the Farm Input Price Survey Database and interface.
- Evaluated and purchased a new web server to provide improved performance for the department's Internet site.
- Refined internet/intranet-posting processes to ensure timely, coordinated and consistent updates to the sites.
- Undertook a client survey of the Internet site and designed an internal survey vehicle to obtain staff evaluation of the Internet/Intranet sites. Survey results will be available in 2002-2003.
- Updated the security model and products on the Internet server to minimize the possibility of unwanted interference with sites hosted by internal or external sources.

- Implemented a redesigned Intranet site for the dissemination of information within the department's staff community.

Operational Enhancements

A number of initiatives were undertaken to ensure the smooth and efficient operation of the department's electronic information system during 2001-02, including the following:

- Partnered in the government-wide CommunityNet initiative to replace the Wide Area Network (WAN) with a higher speed network at a reduced cost.
- Adopted high-speed Internet connectivity wherever feasible - improving network access, reducing costs, and eliminating unnecessary modem/dial up connections.
- Category five network cabling was installed in all field locations, allowing department staff to fully use the higher network speeds available with the adoption of the CommunityNet network.
- The Information Technology Services Section was reorganized along functional lines in order to provide a consistent high level of service.
- Expanded after hours help desk coverage - from 7:30 a.m. to 10:00 p.m. weekdays, and from 9:00 a.m. to 5:00 p.m. emergency phone coverage on weekends.

Performance Plan for 2002-03 and Beyond

Overview

The Performance Plan for the Saskatchewan Department of Agriculture, Food and Rural Revitalization (SAFRR) for 2002-03 and beyond is derived from the department's Strategic Plan for 2001-02. It outlines specific long term goals, and establishes performance measures by which the achievement of these goals can be evaluated by the public. The purpose of the annual report is not only to look back at the year past, but also to look forward at the coming year - to forecast the challenges the department is facing and what SAFRR hopes to achieve. The following section describes the department's performance plan for 2002-03 and beyond.

As part of the 2002-03 Budget, the Rural Revitalization Office (RRO) was merged with the Department of Agriculture and Food (SAF) to create a new entity named the Department of Agriculture, Food and Rural Revitalization (SAFRR). Within SAFRR a new branch entitled the Rural Issues Office was established to handle the newly transferred responsibilities of the RRO. The Performance Plan following below is based on the initial goals and objectives established within SAF and the RRO.

SAFRR is keenly aware we cannot work in isolation and that the people in the agriculture industry and in rural communities are our most valuable asset. As we implement this plan, we will continue to involve our partner stakeholders in developing strategies to help the agriculture industry grow and prosper.

2002-03 Budget

Saskatchewan has a large agriculture and food sector relative to the size of our economy. The proportion of the provincial budget spent on agriculture programs and services is greater than that allocated by any other province or by the federal government.

Saskatchewan Agriculture, Food and Rural Revitalization's operating budget for 2002-2003 is $291,665,000. The expenditures for these sectors represent five per cent of the government's overall spending estimates for 2002-03.

The budget reflects the government's commitment to the continued growth of the agriculture industry, coupled with development and revitalization of the overall rural economy.

The Estimates include provision for a staff compliment of 449 full time employees to administer SAFRR's various programs and to provide services to the industry.

The largest part of the SAFRR's operating budget is devoted to programs to stabilize income and to protect producers from production failures due to natural hazards. A total of $226,700,000 is devoted to such farm safety net programs.

2002-03 Budget
(in thousands of dollars)

Administration	2,210
Accommodation and Central Services	3,774
Development & Technology Transfer	12,869
Industry Assistance	2,110
Farm Stability and Adaptation	125,950
Policy and Planning	6,534
Research and Technology	15,450
Investment Programs	4,428
Land Management	3,938
Inspection and Regulatory Management	5,427
Crop Insurance	108,975
Total	**291,665**

Trends and Issues

The agriculture and food sector and SAFRR must be constantly aware of and be prepared to respond to many internal and external factors. The agricultural industry is unique; both weather and the vagaries of domestic and world markets can have a negative impact on its operations. The industry is not homogenous; instead it contains farms of different sizes that produce a broad range of commodities, while facing a variety of circumstances. As a result, agriculture policies and programs must be formulated with this diversity in mind. It is important that the performance plan recognize the needs of our many and diverse stakeholders.

Grain, oilseed and pulse crop production is a major part of our agricultural economy. This makes the Saskatchewan agricultural economy more vulnerable to production and market vagaries that impact the crop sector.

Crop production occurs under semi-arid conditions during a short growing season. Weather patterns have a tremendous effect on the volume and quality of the crops grown and on the economic success of the sector.

Major competitors heavily subsidize their agricultural sectors. This increases world supply and lowers prices for Saskatchewan grains.

The input and technological requirements of agricultural production continue to increase. Agriculture relies on outside inputs but has little or no control over input costs. These costs can increase while output prices decline, resulting in shrinking margins and reduced farm income.

Our agriculture industry is export based. We ship bulk grains to customers elsewhere in Canada, overseas or to the United States. As a result, jobs associated with processing our primary product are located outside of Saskatchewan.

Saskatchewan is located in the middle of the continent and a long distance from many customers. The cost of transporting grain to port or to end-users is a significant cost to the industry – this also makes us a low-cost area (in relative terms) to feed livestock.

The latest technologies must be adopted to maintain our internationally cost-competitive position. Farmers must be aware of new innovations and be ready to adopt recent advances in seeds, pest management, fertilizers and equipment.

Technological advances in production have led to a long-term downward trend in prices. This places pressure on margins per tonne of output and pressures producers to increase production by expanding farm size.

Off farm incomes are a more important source of farm family income. The ability of the farm to provide a family with income and the choice made by family members to work off the farm has significantly changed the sources of farm family income.

Expanding farm size puts economic pressure on rural areas. As farms increase in size the number of farmers decrease. This means fewer people are using rural services, raising new challenges in how these services can be provided.

We continue to have many sizes of farms. Because of the different size and types of farms it is difficult to develop programs or policies that meet the needs of all farms.

The rural population has been declining and aging, raising challenges to maintaining the level of commercial and government services. These demographic changes, combined with pressures on rural service levels increase the concerns of rural dwellers for the future of their communities.

The rural economy has performed reasonably well, despite negative perceptions. From 1994 to 1999, the rate of growth of rural/northern GDP was a reasonable 2.2 per cent per year.

Where we are headed, what we intend to do and how we will measure progress

The strategic elements of the plan stem from the department's mandate, and include a vision for the future, goals and objectives that will guide the department over the next several years. The vision and the goals are longer term in nature, while the objectives are short to medium term. For each objective, a set of key actions has been developed for the 2002-03 fiscal year.

To determine the department's progress toward achieving the following goals and objectives, SAFRR developed a set of performance measures. Ideally, each objective will have at least one performance measure. In some cases an appropriate performance measure may not be readily apparent and will take time to develop. Performance measures will provide the basis for the department to report back to the public on progress at the end of the 2002-03 fiscal year.

Goal 1: A thriving, environmentally sustainable agriculture production and processing industry

Objective 1: Increased livestock production
One of the best opportunities to create jobs and economic growth in Saskatchewan is through further development of the livestock industry.

Increased livestock production has the potential to encourage expansion in our domestic meat-processing sector. Additional spin-offs may include increased crop productivity through the use of livestock manure as a low-cost fertilizer.

Key actions for 2002-03

- Proactively identify and provide project support for new or expanding livestock enterprises.
- Increase access to capital for livestock producers.
- Develop and implement strategies to attract new people to the livestock industry.

What are we measuring?
Growth in Saskatchewan's primary beef and hog production, and cow herd size.

Increases in primary production and herd population numbers may be determined by changes in the number of animals moving through the market. This measurement in turn will serve as an appropriate indicator that the public policy necessary for expansion has been adopted, the supporting infrastructure has been put into place, and the required investment has actually occurred.

- *Changes in the number of hogs marketed*
- *Changes in the number of slaughter steers and heifers marketed*
- *Growth in beef cow herd size*

Although the department is able to influence several factors that will lead to an increase in livestock production, key factors, including commodity prices, feed prices and availability, and interest rates are beyond the department's control.

Where are we starting from?

- 1.58 million hogs marketed (2000)
- 160,320 steers and heifers marketed (2000)
- 1,175,000 beef cow herd (July 1/01)

Objective 2: Increased Value of Crop Production
The production of increased value per acre of cropland will result in a larger rural economy and more employment in rural Saskatchewan. This may be achieved through higher yields, more intensive use of land and the growing of higher value crops.

Key actions for 2002-03

- Assist the sector to pursue economic opportunities arising from the utilization of innovative life science-based products.
- Provide more specialized technical production information and services that will allow producers to explore new, higher-value crop opportunities.
- Expand capability for crop disease and pest surveillance.
- Funding for research into higher value crops such as pulses.

What are we measuring?
Changes in the dollar value generated per acre of crop produced.

Monitoring of changes in the dollar value generated per acre of crop produced gauges the level of adoption of new crops and production methods, after adjustments are made for variations in weather conditions and commodity prices.

- *Value of crop output in dollars per acre.*

Again, while SAFRR can influence the value generated per acre, other factors, including the mix of commodities produced, prices and production will continue to be major determinants.

Where are we starting from?
- Value of crop output in dollars per acre $68.10 per acre (2000)

Objective 3: Expanded processing of our primary production
Further development of the provincial processing sector is the next step toward creating activity and jobs. This includes the creation of consumer-ready food and non-food products.

Increased processing, particularly outside of urban centers, will help the rural economy and keep smaller communities viable.

Key actions for 2002-03
- Proactively target food-processing companies for new investment in Saskatchewan.
- Deliver product development, food safety and process improvement training to allow Saskatchewan processors to position their products competitively.
- Provide focused market and competitive information to advance the development of the agricultural processing industries.
- Provide path-finding teams to assist new or expanding processing businesses.

What are we measuring?
Changes to the agri-value Gross Domestic Product measured by Statistics Canada, which indicates the contribution of food, beverage and feed processing to the provincial GDP.

- *Agri-value (food processing, feed processing) GDP*

While SAFRR can help to ensure the appropriate mix of public policy and supporting infrastructure development is in place – it will be the decision of Saskatchewan residents and other investors who will have the main influence on agri-business.

Where are we starting from?
- Agri-value (food processing, feed processing) GDP $207.3 million (2000)

Objective 4: Enhanced environmental stewardship
It is economically important to utilize progressive farming and processing practices in an environmentally sound manner that maintains our soil and water resources and does not pollute.

Key actions for 2002-03
- Refine and improve the environmental strategy for the agricultural sector (including indicators, targets, and timetables), in consultation with industry and other departments, which reduces agricultural impacts on water quality, air quality, soil quality, and biodiversity.
- Provide specialist services for environmentally sustainable crop and livestock production.

What are we measuring?
Changes in the adoption of conservation tillage practices.

- *Conservation till acreage as a per cent of land prepared for seeding.*

The monitoring of soil conservation practices, such as reduced tillage, will indicate the level of adoption of environmentally sound production practices that is occurring.

Where are we starting from?
- Conservation till acreage as a percent of land prepared for seeding - 55 per cent (2000)

Objective 5: Improved food safety standards
Consumers throughout the world increasingly demand that high safety standards be observed in the production of food they buy. Saskatchewan producers and processors must respond to that demand to compete in the global marketplace.

Key actions for 2002-03

- Refine and improve the food safety strategy for Saskatchewan's agricultural production and processing sectors.
- Assist industry in implementing on-farm food safety programs.

What are we measuring?
Per cent of Saskatchewan food processors adopting food safety/quality assurance programs and/or certification.

A number of food quality programs and certificates are in place that are recognized nationally and internationally. It is important to promote the adoption of such programs to ensure Saskatchewan food products remain highly marketable.

Where are we starting from?

- A measurement tool is being developed.

Goal 2: Strong and resourceful agricultural people and families

Objective 1: Agricultural people and families with better tools and resources to plan for their future.

SAFRR recognizes that Saskatchewan people are our most valuable resource when it comes to developing the agriculture and food industry. People must have the tools they need to make decisions regarding their individual operations to achieve that development - whether they are considering diversification and/or expansion of their operations, or exploring off-farm opportunities

Key actions for 2002-03

- Provide tools and training opportunities for on-farm diversification, off-farm businesses, and off-farm employment that will improve income prospects for farm families.
- Enhance SAFRR's technology transfer program to ensure the information and technical needs of producers are being met.
- Effective, affordable safety net/disaster programs.

What are we measuring?
The transfer of research and development information to producers, organizations and farm families.

- *Number of inquiries to SAFRR for technical information.*
- *Value of information.*

By monitoring the number of inquiries and attempting to measure the value of information we can gauge the usefulness of our technology and innovation initiatives.

Where are we starting from?

- Number of inquiries to SAFRR for technical information. Under development
- Value of information. Under development

Saskatchewan Rural Action Plan

SAFRR has a role in facilitating the realization of the Saskatchewan Rural Action Plan. The goals and objectives for the Plan, follow, and are in addition to those in the SAFRR Performance Plan. At this time, performance measurements for the objectives remain to be developed. As this is a government-wide initiative, the efforts of many departments and agencies such as the Departments of Industry and Resources, Environment, Learning, Health and SaskTel will be coordinated. Detailed actions, in terms of the Rural Action Plan, are still under development and not reported here.

Goal 1: A Competitive Business Environment in Rural Saskatchewan

Economic policy for rural Saskatchewan must be focused on creating an attractive investment environment.

Objective 1: Increased Private Sector Investment
The creation of jobs and economic growth in rural Saskatchewan depends on private sector investment. Rural people and their communities must take the lead in revitalizing rural Saskatchewan and in undertaking rural development.

Objective 2: A Competitive Regulatory and Tax Environment
If businesses are to be competitive with enterprises outside the province, a competitive regulatory and tax environment must be fostered.

Objective 3: Progressive Labour-Business Relations
Progressive relations between the labour force and the business community will enhance economic development and job creation in the province.

Objective 4: Strategic Research and Development
Direct and partnered investments in strategic research and development in areas including petroleum, renewable energy and in agriculture will expand available economic opportunities and enable them to be realized.

Objective 5: Environmentally Friendly Economic Development
Economic development that is based on sound environmental practices will be sustainable in the long-term.

Goal 2: Sustainable and Effective Public Infrastructure

Public investment in sustainable and effective infrastructure will help rural areas capture new opportunities that will contribute to the provincial well-being.

Objective 1: Transportation
Access to markets and services requires effective transportation infrastructure.

Objective 2: Communications
The electronic highway offers new opportunity for rural areas to re-invent themselves.

Objective 3: Utility Services
Utility services are essential part of the infrastructure serving rural Saskatchewan. Cost-effective services will foster rural development.

Goal 3: Strong and Healthy Rural Communities

The health, social and economic well-being of residents is fundamental for the existence of strong and healthy rural communities.

Objective 1: Positive Attitude and Perception
A viable rural economy requires people to renew their faith in the future of their communities and in the local opportunities that exist. The economic potential fostered by a competitive business environment and supporting infrastructure will not be fully realized without positive attitudes and perceptions.

Objective 2: Training and Skills Development
Support for education, training and mentorship programs will increase the availability of skilled labour.

Objective 3: Involving Youth
The largest single grouping in Saskatchewan's population is the under-15 age category. This category, along with 15-24 age group includes approximately 37 per cent of population in the province.

Objective 4: Partnerships with Aboriginal People
Aboriginal youth are a large component of the provincial youth. First Nations and Metis communities are a significant part of rural Saskatchewan.

Objective 5: Targeted Immigration
Targeted immigration will augment the pool of skilled labour and farm operators in the province.

Objective 6: Health and Social Development Services
Investments in social and human service delivery must ensure the health, social and material well-being of all people in the province. To ensure future sustainability of these services, investments need to be shaped by the future economic potential within a regional context.

2001 - 2002 Financial Schedules

Financial Schedules 2001-2002

Saskatchewan Agriculture and Food Schedule of Revenue and Expenditure

		2001-02 Estimates $000s	2001-02 Actuals $000s	Variances over (under) $000s	Notes
Revenue					
Land Revenue:					
Crown Land Sales (Net gain over cost of land)	$	2,740	6,560	3,820	1
Rent and Penalty on Land Leases		24,777	24,266	(511)	2
Interest		414	465	51	3
Royalties on Sand and Gravel		20	17	(3)	
Transfers from Federal Government		13,150	13,054	(96)	4
Transfers from Other Funds		-	28	28	5
Privileges Licences and Permits		518	634	116	6
Sales, Services and Service Fees		157	208	51	7
Other Interest Revenue		289	123	(166)	8
Other Revenue		401	55	(346)	9
Refund of Previous Year Expenditures		105	639	534	10
Total Revenue	$	42,571	46,049	3,478	
Expenditure					
Administration	$	2,514	2,791	277	11
Accommodation and Central Services	$	3,703	4,189	486	12
Industry Assistance					
Contributions for General Agriculture Interests	$	2,052	3,500	1,448	13
Farm Land Leaseback Compensation		10	5	(5)	
Subtotal	$	2,062	3,505	1,443	
Land Management					
Land Management Services	$	3,238	4,344	1,106	14
Losses on Sale of Land		200	13	(187)	15
Land Revenue Bad Debt Allowances		500	(545)	(1,045)	16
Pastures Revolving Fund-Subsidy		-	29	29	17
Net Financing Requirement (Recovery)		-	(266)	(266)	18
Subtotal	$	3,938	3,575	(363)	

Financial Schedules 2001-2002

		2001-02 Estimates $000s	2001-02 Actuals $000s	Variances over (under) $000s	Notes
Inspection and Regulatory Management					
Program Operations	$	1,658	1,567	(91)	19
Livestock Health Services		1,675	1,785	110	20
Prairie Diagnostic Services		2,025	2,025	-	
Livestock Services Revolving Fund Net Financing Requirement (Recovery)		-	(67)	(67)	21
Subtotal	$	5,358	5,310	(48)	
Policy and Planning					
Policy and Program Development	$	1,866	1,802	(64)	22
Statistics		899	931	32	23
Communications		1,341	1,088	(253)	24
Business and Information Technology Services		2,450	2,070	(380)	25
Subtotal	$	6,556	5,891	(665)	
Research and Technology					
Project Coordination	$	937	871	(66)	26
Research and Development		7,400	7,394	(6)	
Strategic Research Program		4,688	4,675	(13)	
Technology Adoption and Demonstration		4,500	4,483	(17)	
Ag-West Biotech		1,100	1,100	-	
Prairie Agricultural Machinery Institute		768	768	-	
New Generation Co-operatives		500	92	(408)	27
Subtotal	$	19,893	19,383	(510)	
Development and Technology Transfer					
Industry Development	$	1,951	1,814	(137)	28
Sustainable Production		2,640	1,611	(1,029)	29
Extension Services		8,814	8,078	(736)	30
Pork Central		926	1,790	864	31
Subtotal	$	14,331	13,293	(1,038)	
Farm Stability and Adaptation					
Net Income Stabilization Account	$	45,000	47,432	2,432	32
Farm Sector Initiatives		95,000	150,044	55,044	33
Farm Land Property Tax Rebate		25,000	21,000	(4,000)	34
Adaptation Initiatives		10,000	7,648	(2,352)	35
Subtotal	$	175,000	226,124	51,124	

Financial Schedules 2001-2002

		2001-02 Estimates $000s	2001-02 Actuals $000s	Variances over (under) $000s	Notes
Investment Programs					
Financial Programs Management	$	4,286	4,652	366	36
Investment Management		1,062	1,188	126	37
Agri-Food Equity Fund (Investment Loss Allowance)		1,250	6,425	5,175	38
Short-term Hog Loan Program-Loan Losses		100	(936)	(1,036)	39
ACS Interest Subsidy		2,000	202	(1,798)	40
Subtotal	$	8,698	11,531	2,833	
Crop Insurance					
Program Delivery	$	26,150	25,900	(250)	41
Crop Premiums		56,700	64,220	7,520	42
Livestock Feed Premiums		1,500	1,363	(137)	43
New Crops Premiums		7,500	13,345	5,845	44
Waterfowl Damage Compensation Program		2,200	-	(2,200)	45
Big Game Damage Compensation Program		1,000	-	(1,000)	46
Subtotal	$	95,050	104,828	9,778	
Total Expenditure	**$**	**337,103**	**400,420**	**63,317**	
Statutory Adjustments for Revolving Funds	$	(333)	-	(333)	47
Special Warrants		66,500	-	(66,500)	48
Total Revised Estimates and Expenditure		**403,270**	**400,420**	**(2,850)**	
2001-2002 Department Total	**$**	**403,270**	**400,420**	**(2,850)**	
FTE Staff Complement (FTE-Full Time Equivalent)		**608.50**	**589.00**	**(19.50)**	49

These financial schedules have been prepared in accordance with the government's accrual accounting policies.

Note: Totals may not add due to rounding.

Financial Schedules - Notes

Explanations of variances which exceed $20,000 between Estimates and Actuals.

Revenue

1. Demand for agricultural land was higher than estimated due to higher than expected Treaty Land Entitlement sales activity.

2. Lower actual crude oil prices and the transfer of petroleum and gas lease charges on Community Pastures to the Pastures Revolving Fund resulted in lower overall revenues.

3. Interest revenue was higher because fewer producers obtained private financing to pay out their land purchase loans than was expected.

4. Administration expenses for the Saskatchewan Crop Insurance Corporation (SCIC) are cost shared 50/50 by the federal and provincial governments. The department advances SCIC 100 per cent of the funding and the federal government then reimburses the department for its share of the approved costs incurred. These costs were less than budgeted.

5. $27,458, relating to the collection of previously written off GRIP (Gross Revenue Insurance Program) receivables and interest, was recorded as revenue in 2001-2002.

6. Revenue from licences issued under the Agricultural Implements Board were transferred from the Department of Justice during the year and therefore not reflected in the budget. Also, revenues for the issuing of leases, recording leases, and executing assignments were higher than budgeted due to increased activity.

7. Commission fees on collection services provided to the Saskatchewan Crop Insurance Corporation were higher than budgeted. The department receives a commission of 14 per cent on all amounts collected.

8. Interest revenue from the Short-term Hog Loan Program is based upon the Government's 30 day borrowing rate. The average 30 day borrowing rate for 2001-2002 was 3.41 per cent whereas the budget was based on an interest rate of 5.75 per cent.

9. Repayment of Agriculture Research Program contracts was less than budgeted.

10. Revenue is a result of an adjustment to the NISA liability from prior years.

Expenditure

11. The over expenditure resulted from higher than budgeted travel costs, a change in the cost sharing of Minister's Office expenses and increased vacation and SDO liability carryover.

12. Tenant improvement costs for the new Rural Service Centres in Saskatoon and North Battleford were not provided for in the 2001-2002 budget.

13. The Canada/Saskatchewan Livestock Farm Water Program was a mid-year initiative and therefore not included in the 2001-2002 budget. Funding was provided to help fund farm-based water projects under the Prairie Farm Rehabilitation Administration's (PFRA) Rural Water Development Program.

14. The over expenditure was due to a provision for a contingent liability.

15. When the department sells land for less than its original cost, a loss is recorded. In 2001-2002 the amount of Crown Land sold at lower than cost was less than anticipated.

16. The allowance for uncollectable land revenue account receivables was decreased as a result of a significant number of settlements and successful collection efforts.

17. In 2000-2001 The Pastures Revolving Fund exceeded, by $29,350, the accumulated deficit maximum of $700,000. Treasury Board specifies that if at the end of any fiscal period, the accumulated deficit exceeds the maximum then the deficit in excess of the maximum must be paid from the General Revenue Fund. The 2000-2001 deficit was paid from the GRF in 2001-2002.

18. The Pastures Revolving Fund cash revenues exceeded cash expenditures resulting in a net recovery. Revenue was higher than budgeted due to the allocation of sand, gravel and oil and gas revenue on Community Pastures to the Revolving Fund.

19. Savings resulted from vacant positions and reduced travel.

20. Chronic Wasting Disease Surveillance Program expenditures were higher than budgeted.

21. The Livestock Services Revolving Fund cash revenues exceeded cash expenditures resulting in a net recovery. Revenue exceeded the budget due to higher marketing and inspection volumes.

22. Reduced vacation and SDO entitlement liability decreased program expenditures.

23. The mid-year transfer of Information Services from Business and Information Technology Services was not budgeted.

24. Savings resulted from vacant positions, and reduced advertising and printing costs.

25. Savings resulted from vacant positions and less computer hardware purchases.

26. Savings resulted from vacant positions and reduced travel costs.

27. Program activity was less than anticipated.

28. Savings resulted from vacant positions, and reduced travel costs.

29. The Livestock Development Program was transferred during the year to Pork Central.

30. Administration costs associated with the Farm Family Opportunities Initiative were lower than budgeted.

31. The Livestock Development Program was transferred during the year from Sustainable Production.

32 Provincial contributions to the Net Income Stabilization Account (NISA) program were higher due to higher than expected producer eligible net sales and matching contributions.

33. Provincial contributions to both the 2000 and 2001 Canadian Farm Income Program were expensed during 2001-2002.

34. Program payments were less than budgeted.

35. Adaptation Initiatives included the Farm Family Opportunities Initiative (FFOI) and the Conservation Cover Program (CCP). Activity under the first year of the CCP was higher than budgeted; and no payments were made under the first year of the FFOI. The FFOI program was developed in 2001-02, for implementation.

36. The provision for loss under the Livestock Loan Guarantee Program was increased in 2001-2002.

37. Investment activity under the Agri-Food Equity Fund (AFEF) was discontinued with the March 27, 2002 Budget. The AFEF Investment Management over expenditure resulted from severance payments as a result of the wind-down.

38. The department's AFEF investment analysis resulted in an increased contribution to the investment loss provision.

39. With the program experiencing very low delinquent rates and significant repayment activity, the loan loss allowance was reduced.

40. A significant portion of ACS's long term debt was retired during the fiscal year, resulting in lower than expected interest expenses and hence less was required for the interest subsidy.

41. The 2002 Saskatchewan Crop Insurance Corporation program sales period was extended to April 19, 2002 (from March 31, 2002), resulting in reduced sales expenses during 2001 - 2002.

42 The 2001-2002 Crop Insurance crop premiums contribution was higher than budgeted, due to increased prices under the Variable Price Option, increased insured acreage, increased average yields of two to five per cent, and the implementation of the Forage Rainfall Pilot Project.

43. Less than expected participation by producers resulted in lower provincial premium contributions.

44. Producers insured more acres, particularly Chickpeas, under the New Crops Program, resulting in higher provincial premium contributions.

45. Funding for this program was not required.

46. Funding for this program was not required.

47. Since Revolving Funds are given statutory authority to spend within certain limits, the actual net financing requirements (or recovery) that occurs in the year does not come out of the Department's base budget. Instead, the Department's base budget is adjusted to reflect the actual net financing required (or recovered).

48. Special Warrants increase the Province's overall budget and are disclosed in the Public Accounts as an increase in the appropriations. Special Warrants may only be issued when the Legislature is not in session. In 2001-2002 the Department received a Special Warrant for the Canadian Farm Income Program ($66.5 million).

49. The variance was a result of vacant staff positions throughout the year.

Saskatchewan Legislation Administered by Saskatchewan Agriculture and Food 2001-2002

The Agricultural Credit Corporation of Saskatchewan Act
The Agricultural Equipment Dealerships Act
The Agricultural Implements Act
The Agricultural Operations Act
The Agricultural Safety Net Act
The Agricultural Societies Act
The Agri-Food Act
The Agri-Food Innovation Act
The Agrologists Act, 1994
The Animal Identification Act
The Animal Products Act
The Animal Protection Act, 1999
The Apiaries Act

The Cattle Marketing Deductions Act, 1998
The Crop Insurance Act
The Crop Payments Act

The Department of Agriculture and Food Act
The Diseases of Animals Act

The Expropriation (Rehabilitation Projects) Act

The Farm Financial Stability Act
The Farmers' Counselling and Assistance Act
The Farming Communities Land Act

The Grain Charges Limitation Act

The Horned Cattle Purchases Act

The Land Bank Repeal and Temporary Provisions Act
The Leafcutting Beekeepers Registration Act
The Line Fence Act

The Milk Control Act, 1992

The Noxious Weeds Act, 1984

The On-farm Quality Assurance Programs Act

The Pastures Act
The Pest Control Act
The Pest Control Products (Saskatchewan) Act
The Prairie Agricultural Machinery Institute Act, 1999
The Provincial Lands Act (*)

The Sale or Lease of Certain Lands Act (*)
The Saskatchewan Farm Security Act (*)
The Saskatchewan 4-H Foundation Act
The Soil Drifting Control Act
The Stray Animals Act

The Vegetable, Fruit and Honey Sales Act
The Veterinarians Act, 1987
The Veterinary Services Act

(*) Joint responsibility

Appendix A

Special Purpose Funds and Agencies with Legislative Responsibility to Saskatchewan Agriculture and Food as of March 31, 2002

	Year End
Special Purpose Funds (Financial Statements are tabled separately)	
Agri-Food Equity Fund	March 31
Cattle Marketing Deductions Fund	March 31
Horned Cattle Fund	March 31
Livestock Services Revolving Fund	March 31
Pastures Revolving Fund	March 31
Agencies (Annual Reports are published separately)	
Agricultural Credit Corporation of Saskatchewan	March 31
Agricultural Implements Board	March 31
Agricultural and Food Products Development and Marketing Council	December 31
Agri-Food Innovation Fund	March 31
Beef Development Board	March 31
Milk Control Board	December 31
Prairie Agricultural Machinery Institute	March 31
Saskatchewan Agricultural Stabilization Fund	March 31
Saskatchewan Crop Insurance Corporation	March 31
Crop Reinsurance Fund of Saskatchewan	March 31

Agencies under the *Agricultural and Food Products Development and Marketing Council*

Chicken Farmers of Saskatchewan
Saskatchewan Alfalfa Seed Producer's Development Commission
Saskatchewan Broiler Hatching Egg Producer's Marketing Board
Saskatchewan Canola Development Commission
Saskatchewan Commercial Egg Producer's Marketing Board
Saskatchewan Flax Development Commission
Saskatchewan Pulse Crop Development Board
Saskatchewan Sheep Development Board
Saskatchewan Turkey Producer's Marketing Board
SaskPork